



BROMSGROVE DISTRICT COUNCIL

MEETING OF THE AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

THURSDAY 11TH MARCH 2021
AT 6.00 P.M.

VIRTUAL MEETING - TEAMS

MEMBERS: Councillors L. C. R. Mallett (Chairman), P. J. Whittaker (Vice-Chairman), S. J. Baxter, A. J. B. Beaumont, S. G. Hession, J. E. King, A. D. Kriss, C. J. Spencer, K. J. Van Der Plank and Mr. J. Cypher (Parish Councils' Representative)

AGENDA

1. Apologies for Absence and Named Substitutes
2. Declarations of Interest and Whipping Arrangements

To invite Councillors to declare any Disclosable Pecuniary interests or Other Disclosable Interests they may have in items on the agenda, and to confirm the nature of those interests.
3. To confirm the accuracy of the minutes of the Audit, Standards and Governance Committee meeting held on 21st January 2021 (Pages 1 - 12)
4. Standards Regime - Monitoring Officers' Report (Pages 13 - 16)
5. Model Code of Conduct (Pages 17 - 52)
6. Audit Findings 2019/2020 - Grant Thornton (Pages 53 - 88)
7. Statement of Accounts 2019/2020

(Report to follow)

8. Housing Benefit / Subsidy certification work 2019/20 - Summary Report (Pages 89 - 94)
9. Internal Audit - Progress Report (Pages 95 - 122)
10. Audit, Standards and Governance Committee Draft Annual Report (Pages 123 - 142)
11. Risk Champion - Verbal Update Report (Councillor K. Van Der Plank)
12. Audit, Standards and Governance Committee Work Programme (Pages 143 - 144)

K. DICKS
Chief Executive

Parkside
Market Street
BROMSGROVE
Worcestershire
B61 8DA

3rd March 2021

If you have any queries on this Agenda please contact
Jo Gresham

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GUIDANCE ON VIRTUAL MEETINGS

Due to the current Covid-19 pandemic Bromsgrove District Council will be holding this meeting in accordance with the relevant legislative arrangements for remote meetings of a local authority. For more information please refer to the Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police Crime Panels meetings) (England and Wales) Regulations 2020.

Please note that this is a public meeting conducted remotely by Teams conferencing between invited participants and live streamed for general access via the Council's YouTube channel.

You are able to access the livestream of the meeting from the Committee Pages of the website, alongside the agenda for the meeting.

[Live Stream to Audit, Standards and Governance Committee Meeting - 11th March 2021](#)

If you have any questions regarding the agenda or attached papers please do not hesitate to contact the officer named above.

Notes:

As referred to above, the virtual Teams meeting will be streamed live and accessible to view. Although this is a public meeting, there are circumstances when Council might have to move into closed session to consider exempt or confidential information. For agenda items that are exempt, the public are excluded and for any such items the live stream will be suspended and that part of the meeting will not be recorded.

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Audit, Standards and Governance Committee
21st January 2021

BROMSGROVE DISTRICT COUNCIL

MEETING OF THE AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

21ST JANUARY 2021, AT 6.00 P.M.

PRESENT: Councillors L. C. R. Mallett (Chairman), P. J. Whittaker (Vice-Chairman), A. J. B. Beaumont, R. E. Jenkins, J. E. King, A. D. Kriss, M. Middleton and K. J. Van Der Plank

Observers: Councillor G. N. Denaro– Portfolio Holder for Finance and Enabling.

In attendance: Neil Preece and Jackson Murray – Grant Thornton

Officers: Mr. K. Dicks, Mr. A. Bromage, Mr C. Forrester and Ms. C. Flanagan, Mrs. J Gresham and Ms. K. Somers.

35/20

APOLOGIES FOR ABSENCE AND NAMED SUBSTITUTES

Apologies for absence were received from Councillor C. Spencer and Mr. J. Cypher.

The Chairman noted the change of Committee membership, as agreed at the Council meeting held on 20th January 2021 and took the opportunity to thank Councillor S. Baxter and Councillor S. Hession for their contribution to the Committee. He also welcomed Councillor R. Jenkins and Councillor M. Middleton as new members.

36/20

DECLARATIONS OF INTEREST AND WHIPPING ARRANGEMENTS

There were no declarations of interest nor of any whipping arrangements.

37/20

TO CONFIRM THE ACCURACY OF THE MINUTES OF THE AUDIT, STANDARDS AND GOVERNANCE COMMITTEE MEETING HELD ON 24TH NOVEMBER 2020

The minutes of the meeting of the Audit, Standards and Governance Committee held on 24th November 2020 were submitted.

Councillor P. Whittaker queried what the exact date would be for consideration of the item in respect of the Tree Protection Orders

(TPOs) at full Council. The previous minutes stated that the item would be due for consideration at a full Council meeting in early 2021. The Democratic Officer present undertook to find out and report back to Members in due course.

RESOLVED that the minutes of the Audit, Standards and Governance Committee meeting held on 24th November 2020 be approved as a correct record.

38/20

STANDARDS REGIME - MONITORING OFFICERS' REPORT

The Principal Solicitor presented the report which covered activity since the last meeting. It was reported that there were currently two outstanding complaints, one at Parish and one at District level. It was reported that these complaints were being dealt with by the Monitoring Officer and details would be reported back in due course.

Members were advised that the Model Code of Conduct had recently been published. The Principal Solicitor advised Members that a report would be brought before Members at the next Committee meeting for comment. It was confirmed to Members that there was a countywide Model Code of Conduct but that that tweaks could be made at a local level, if required.

The Chairman queried whether arrangements had been confirmed regarding Local Government meetings during the continuation of the pandemic. Officers advised that there had been no further updates in respect of this and it was confirmed that Members would be informed once any further information had been received.

RESOLVED that the Monitoring Officers' Report be noted.

39/20

GRANT THORNTON - INTERIM AUDIT FINDINGS REPORT

The Engagement Lead, Grant Thornton presented the Grant Thornton Interim Audit Findings Report and in doing so highlighted the following to Members:

- It had been hoped that the final version of the Audit would be presented at the meeting, however there had been a delay and items were still outstanding for the Audit and that this was an interim report. It was confirmed that this meant that there was still further work to be carried before an Audit opinion could be provided. The remaining work had been identified and regular

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meetings were taking place with relevant officers and extra resource had been provided from both Grant Thornton and the Council in order to satisfactorily complete the Audit as soon as possible. Grant Thornton were pleased with the amount of work and support received from officers who had participated in the Audit.

- The Value for Money conclusion was reported to Members who were advised that the Council was in a good financial position but that it was important to still be cautious in the future. It was noted that there were potential longer-term gaps that needed to be monitored closely and that the use of financial reserves was not sustainable in the long term. Members were advised that the impact of Covid-19 was still unknown, and challenges were still being faced and it was important that savings in priority and non-priority areas were identified for the future. It was proposed that an unqualified Value for Money opinion would be offered for the financial year 2019-2020.

The Chairman invited the Head of Finance and Customer Services to comment on the report and in doing so thanked Grant Thornton for all of their work and additional resources that had been provided.

Some Members were concerned that officers had not been able to provide floor areas in order to provide an accurate valuation for land and buildings. It was clarified that the external valuers that had been procured to carry out work in this area had been exceptional and were undertaking a further project using software to provide floor areas of all Council land and buildings. It was confirmed that this was information that had not been required as part of the Audit in previous years and was part of the increased audit expectations. Members were assured that this work was being prioritised to ensure that the same issues would not be encountered in future years. The Engagement Lead, Grant Thornton advised the Committee that this request for additional information driven by the increased audit expectations could possibly impact the fees charged for the Audit.

The Engagement Lead, Grant Thornton explained to Members that the requirements for Value for Money were set out by the National Audit Office and considered the arrangements that were in place to ensure Value for Money and that individual contracts or Democratic decisions would not need to be specifically considered unless it was a key contract for the Council that perhaps had not delivered what was expected. As part of the Audit, the Medium-Term Financial Plan was considered by

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Grant Thornton and items within plan were looked at to test the robustness of the information contained within it.

There was detailed discussion regarding the financial systems that were currently in place that provided information for the Audit. It was reported to Members that these systems were archaic, cumbersome and slowed down access of information for reporting. The Head of Finance and Customer Services highlighted that the systems were a risk to the Council due to the large number of manual inputting of information that needed to be carried out. This increased the risks of mistakes being made and potential fraud being carried out. Officers informed the Committee that the implementation of the Enterprise Resource Planning system (ERP) was due to take place in February 2021 and would hopefully eradicate much of the risk linked to the previous manual systems. Members were reassured that the ERP system had been tested and would improve efficiency of the audit process and financial transactions for future years.

It was further questioned whether some of the quality of work carried out by officers needed improvement and whether enough training was being provided to ensure that officers were competent and had the required amount of training to carry out their roles. The Head of Finance and Customer Services acknowledged that some of the information provided to Grant Thornton was not of the quality that was expected or needed. He confirmed that training was being provided on the new ERP system and this would improve the quality of working papers going forward. Members were advised however, that as this was an entirely new system there could be some initial issues that might need to be resolved over the first few months after implementation.

The Chief Executive thanked the Head of Finance and Customer Services and his team for all of the work and progress that had been made. He reported to the Committee that the new Executive Director was due to start working at the Council on 1st March 2021 and one of their key priorities was to ensure that there were firm financial foundations, including skills and capacity, for future audits. It was confirmed that Grant Thornton were happy with the implementation of the new ERP system and confirmed that many organisations already used this or similar systems.

The Chairman thanked the officers and Grant Thornton for all of their work in a challenging environment.

RESOLVED that the Grant Thornton - Interim Audit Findings Report be noted.

40/20

INTERNAL AUDIT MONITORING REPORT

The Head of the Worcestershire Internal Audit Shared Service presented the Internal Audit Monitoring Report to Members and explained that this was the regular update report that was presented to the Committee and summarised the reviews and progress made in respect of the Audit Plan since the last Committee meeting.

During the presentation the following was highlighted for Members' attention:

- Since the last meeting the Markets Audit had been finalised and the Agency and Consultants Audit had been presented to the Corporate Management Team. In addition to this, a further four reports had been reviewed and two had been cleared. This was evidence of the continued progress being made. It was noted that a High Priority recommendation had been reported as part of the Markets Audit and further information was to be provided imminently from officers to update whether the recommendation had been satisfied.
- The Compliments and Complaints Audit had been undertaken, and it was reported that the progress so far had been good. The Head of the Worcestershire Internal Audit Shared Service advised that further updates for this Audit would be provided to the Committee in due course. Any audits that had not been undertaken would be rolled forward to the new Internal Audit Plan which was due to come before the Committee in March 2021.
- The Audit Improvement Plan continued to be implemented and indicated the development with the Internal Audit Shared Service.
- The Internal Audit Plan had to be flexible during the previous 12 months, due to Covid-19. However, the number of audit days were progressing, and reporting was on track. It was clarified to Members that resource was balanced across the Shared Service and adjustments were made accordingly when billing for Q4.
- In respect of the National Fraud Initiative, the deadline at the end of December 2020 had been met and that the uploading of information for Single Person Benefits and Elections was due at the end of January 2021.

RESOLVED that the Internal Audit Monitoring Report be noted.

41/20

BENEFITS AND COMPLIANCE UPDATE

The Head of Finance and Customer Services provided the update in respect of Benefits and Compliance. Members were informed that there was a Compliance Team that carried out the following investigation work:

- Investigation of Council Tax Support claims
- Verification of HB claims
- Processing of Housing Benefit Matching Service (HBMS) referrals
- National Fraud Initiative (NFI) data matching
- Police requests for information / liaison
- Support to DWP in respect of Housing Benefit fraud cases

It was reported that the team had recovered £2.1million during the previous year. However, it was noted that not all of the funds would be received back directly to Bromsgrove District Council. Members were advised that a project was being undertaken to investigate the Council Tax discounts received by residents and it was hoped that this would provide an income stream in the future.

RESOLVED that the Benefits and Compliance Update be noted.

42/20

RISK REGISTER UPDATE - VERBAL UPDATE

The Head of Finance and Customer Services provided a verbal update regarding the Risk Register. In doing so, it was reported that there had not been significant changes since the previous meeting of the Committee. It was clarified that the arrangements for leaving the European Union had been agreed since the last meeting of the Committee and the Risk Register updated accordingly. Officers advised that plans were being implemented to provide support to any businesses and residents who might be affected by the new arrangements.

RESOLVED that the Risk Register Update be noted.

43/20

RISK CHAMPION - VERBAL UPDATE REPORT (COUNCILLOR K. VAN DER PLANK)

Councillor K. Van der Plank, as the Committee's Risk Champion, presented her most recent report regarding the Outcome of Motions & Written Questions that had been brought to Full Council meetings during the previous 12 months.

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It was clarified by Councillor. K. Van Der Plank that it was not a formal audit and was undertaken to give a quick insight in an area that Members may be unfamiliar with.

It was observed during the preparation of the report that there was some confusion regarding the responsibility of following-up on Motions and Questions and it was clarified that it was the responsibility of the Member who brought the Motion or Question to follow up on the outcome and any associated actions.

Councillor K. Van Der Plank outlined her plan for the next meeting of the Committee and hoped to provide a summary of her role as Risk Champion over the previous two years in readiness for the next Risk Champion.

The Chairman thanked Councillor K. Van Der Plank for all of her work in the role of Risk Champion and that the work she had undertaken was invaluable and had been expertly carried out.

The Democratic Services Officer clarified that the written report that had been circulated by Councillor K. Van Der Plank prior to the meeting would be provided as an appendix to the minutes of this meeting.

RESOLVED that the Risk Champion update be noted.

44/20

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE WORK PROGRAMME

The Democratic Services Officer undertook to update the work programme to ensure that all items were considered at the appropriate time and to provide an amended version at the next meeting of the Committee.

RESOLVED that the Committee work programme be noted.

The meeting closed at 7.20pm

Chairman

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Risk Champion Report Jan 2021: Outcome of Motions & Written Questions

Topic:

What is the outcome of motions and questions Councillors bring to full Council? How is this tracked and monitored and who is responsible for ensuring agreed actions are followed up?

Purpose of this report

Reminder – This isn't a formal audit. The purpose of this report is to give a quick insight into an area of the council that members may not be familiar with or that may be of interest in exploring further, as it may have some level of risk or governance requirement. As such, its subjective in its nature, and any observations or recommendations are a suggestion to consider, not a formal mandate.

Introduction

In this report I wanted to explore what happens to questions and motions raised by members. Are agreed actions followed up, and by whom? The report contains a summary of all questions and motions that have been raised over the last 12 months and also some observations about ways of working.

Key findings:

- There may be some confusion about who is responsible for following up actions from questions or motions. There is no process within Democratic services where actions from motions and questions are audited or followed up. The Dem services team minute decisions and responses to questions, and refer things to relevant committees where required, but once this has been done and the minutes published, their involvement ends. It's the responsibility of councillors to make sure activities are carried out. For example, if a recommendation in a motion was to refer something to O&S or Cabinet etc, it is the responsibility of Councillors to follow that up. Similarly, in regard to questions, it's the responsibility of the councillor to go back to the leader or portfolio holder etc if any follow up is required (eg if they don't get a written response that was promised or have further questions).
- The table below is a summary of all motions and questions over the last 12 months, the specific action that was agreed and the current status. Pulling this together was a one-off piece of work and extremely time consuming so is not something Democratic Services could do on an ongoing basis, however, now that we have an up to date status report, this may be something individual groups want to manage themselves and keep updated

Recommendations/ Suggestions:

- Members of this Audit & Standards committee could:
 - Share the table below with their group and if the group choose, keep it updated themselves
 - Review actions that have been agreed and follow up any that are outstanding for their group

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- Ensure the process is understood in their group by explaining that it is the responsibility of Councillors to follow up on actions direct with the Leader / relevant Portfolio Holder etc. not to go back to Democratic Services to chase responses or follow up.

Summary of Motions and Questions – Last 12 months

| Motions: All motions, last 12 months | | | |
|---|--|---|---|
| <i>Date</i> | <i>Subject of motion</i> | <i>Response and any Specific actions agreed</i> | <i>Status of actions (eg completed? Partially completed? still outstanding?)</i> |
| 02/12/20 | Cllr Hunter - Fireworks | Referred to O&S | On the agenda for O&S on 11/1/21 |
| | Cllr McDonald – Travel Claims | Referred to O&S | On the agenda for O&S on 11/1/21 |
| | Cllr Thompson – IHRA Definition of Antisemitism | Motion Carried | NFA |
| | Cllr Hotham – Planning Enforcement | Withdrawn | |
| | Cllr Rone-Clarke – Parking around schools | Withdrawn | |
| 21/10/20 | Cllr McDonald – Low income families and fuel costs. Write to the Government. | Agreed that Leader would write as requested and keep Council updated with any response. | Responsibility of this would rest with the Leader and Cllr McDonald to chase up to see if she has done it. |
| | Cllr Rone-Clarke – Introduction of a Bromsgrove Cash Card | Matter referred to the Town Centres Manager, who will contact Cllr Rone-Clarke. | NFA Cllr Rone-Clarke is in touch with the Town Centres Manager. |
| | Cllr Hunter – void properties | Referred to the Finance & Budget Working Group | Cllr Hunter has attended a meeting of the Finance & Budget Working Group and discussions are ongoing. |
| | Cllr Colella – Government White Paper and suspending greenbelt review. | Motion lost | NFA |
| 16/09/20 | Cllr Colella – trees for life | Agreed to refer to Cabinet. | Referred to relevant officers who are liaising with the Leader/Cabinet member. Cllr Colella will be advised of progress. If he is unhappy with the timescale he can follow up with Leader/Cabinet member. |
| | Cllr Hotham – Shopper/shuttle minibus services. | Agreed to refer to Cabinet. | Referred to relevant officers who are liaising with the Leader/Cabinet member. Cllr Hotham will be advised of progress. If he is unhappy with the timescale he can follow up with Leader/Cabinet member. |
| 05/08/20 | First meeting of Council for the 2020/21 Municipal year and first full Council meeting | | |

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| | held remotely. It was therefore agreed between the Group Leaders that there would be motions, only questions, with the options for a supplementary question to be asked. | | |
|--|--|---|--|
| Questions: All written questions submitted and responded to, last 12 months | | | |
| <i>Date</i> | <i>Subject of question</i> | <i>Response and any Specific actions agreed</i> | <i>Status of actions (eg completed? Partially completed? still outstanding?)</i> |
| 02/12/20 | Councillor King – real living wage. | No specific action. Leader offered to provide papers she referred to in her response if Cllr King wanted them. | Up to Cllr King to request info if she wants it. |
| | Cllr Hunter – Write to Secretary of State re Towns Funding. | Leader advised she would not be writing at this stage. | NFA |
| | Cllr Hotham – Road Sweeping collection rates. | Detailed response provided by the Portfolio Holder. | NFA |
| | Cllr McDonald – Leader to write to the Chancellor re low paid workers. | Leader provided info and said would not be writing to Chancellor. | NFA |
| | Cllr Till – Council’s commitment to active travel. | Detailed response given from the Portfolio Holder | NFA |
| 21/10.20 | Cllr Hunter – Car Parking Cashless payments | Leader provided detailed response. | NFA |
| | Cllr McDonald – Cost of travelling expenses compared to previous year. | Detailed response provided. | NFA |
| | Cllr Colella – Position re updates on Outside Bodies | Detailed response from Leader given and advised that records were kept. | NFA Up to Cllr Colella to contact the relevant officer to view the updates should he want to. |
| 16/09/20 | Cllr Van der Plank – cutting down of trees. | Response from Portfolio Holder and suggestion that if further info provided by Cllr Van der Plank would look into matter further. | NFA Up to Cllr Van der Plank to contact Portfolio Holder as detailed in the minutes. |
| | Cllr Hotham – Final cost of Bird Box | Response provided. | NFA |
| | Cllr King – Protecting Green Belt | Portfolio Holder provided a response. | NFA |
| | Cllr Hunter – reopening high streets funding spent. | Detailed response provided. | NFA |
| | Cllr Robinson (nee Hughes) – no limit of climate change ambition. | Response provided by the Leader. | NFA |
| | Cllr McDonald – Leader to write to Government in respect of rent evictions. | Detailed response provided – not necessary to send a letter. | NFA |
| | Cllr Robinson (nee Hughes) – update on support given to the Artrix Holding Trust. | Response provided from the Leader. | NFA |
| | Cllr Van der Plank – progress update following fly tipping motion from Sept 2019. | Response from the Portfolio Holder – who agreed to provided exact dates in | Responsibility of the Portfolio Holder to action and for Cllr Van der Plank to chase up if information not received. |

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|----------|---|---|---|
| | | respect of the areas he had covered. | |
| | Cllr King – funding for bus service to replace the 202. | Details provided by the Portfolio Holder. | NFA |
| | Cllr Douglas – Artrix Holding Trust future operator. | Response provided by the Leader. | NFA |
| | Cllr McDonald – Rubery Festival funding and support. | The Leader responded and would ask a member of the Arts Development Team to contact the Rubery Festival committee. | Leader to arrange Arts Development Team to contact. If this doesn't happen Cllr McDonald could follow up. |
| | Cllr McDonald – Artrix Holding Trust to keep Council updated. | Leader responded. | NFA |
| 05/08/20 | Cllr Hunter - Shortfall in Council's budget following Government grants received re Covid-19. | Cllr Denaro as Portfolio Holder for Finance responded. | Cllr Denaro asked Cllr Hunter to send him specific details of cases referred to – responsibility lies with Cllrs Hunter and Denaro to do this. |
| | Cllr King – Cuts to bus services and impact on residents and the Council's strategic purposes. | Leader responded – if Cllr King was not happy with the response, she could take it up with the Leader outside of the meeting. | MFA |
| | Cllr Robinson (nee Hughes) – Culture Grants from Government and whether these were being applied for on behalf of venues in Bromsgrove. | Cllr Thomas provided details of the areas covered by the grants and the work the Council was doing. | Cllr Robinson agreed to write to Cllr Thomas outside of the meeting I respect of the other points. It would be the responsibility of Cllr Robinson to follow this up. |
| | Cllr Rone-Clarke – response and preparations in place for a second spike of Covid-19. | Detailed response provided by the Leader. | NFA |

Questions/Petitions from the Public: All submitted and responded to, last 12 months

| <i>Date</i> | <i>Subject of question</i> | <i>Response and any Specific actions agreed</i> | <i>Status of actions (eg completed? Partially completed? still outstanding?)</i> |
|-------------|--|---|--|
| 05/08/20 | Petition presented by a Member of the Public – Rory Shannon in respect of the Artrix | This was accepted by the Leader on behalf of the Trustees of the Holding Trust. | NFA – the contents of the petition would be considered, if appropriate, by the Trustees as part of their ongoing work. |

Kate Van der Plank – Risk Champion

Jan 2021

Audit, Standards & Governance Committee 2021

11th March

MONITORING OFFICER'S REPORT

| | | |
|--|---|---|
| Relevant Portfolio Holder | | Councillor Geoff Denaro – Portfolio Holder for Governance |
| Portfolio Holder Consulted | | Yes |
| Relevant Head of Service | | Yes |
| Report Author Claire Felton | Job Title: Head of Legal, Democratic and Property Services Contact email: c.felton@bromsgroveandredditch.gov.uk Contact Tel: 01527 881429 | |
| Wards Affected | | N/A |
| Ward Councillor(s) consulted | | N/A |
| Relevant Strategic Purpose(s) | | An Effective and Sustainable Council |
| Non-Key Decision | | |
| If you have any questions about this report, please contact the report author in advance of the meeting. | | |

1. RECOMMENDATIONS

The Audit, Standards and Governance Committee is asked to RESOLVE that:-

1) subject to members' comments, the report be noted

2. BACKGROUND

- 2.1 This report sets out the position in relation to key standards regime matters which are of relevance to the Audit, Standards and Governance Committee since the last update provided at the meeting of the Committee in January 2021.
- 2.2 It has been proposed that a report of this nature be presented to each meeting of the Committee to ensure that Members are kept updated with any relevant standards matters.
- 2.3 Any further updates arising after publication of this report, including any relevant standards issues raised by the Parish Councils' Representative(s), will be reported on orally by Officers/the Parish Representative(s) at the meeting.

Audit, Standards & Governance Committee 2021

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3. FINANCIAL IMPLICATIONS

3.1 There are no financial implications arising out of this report.

4. LEGAL IMPLICATIONS

4.1 Chapter 7 of Part 1 of the Localism Act 2011 ('the Act') places a requirement on authorities to promote and maintain high standards of conduct by Members and co-opted (with voting rights) Members of an authority. The Act also requires the authority to have in place arrangements under which allegations that either a district or parish councillor has breached his or her Code of Conduct can be investigated, together with arrangements under which decisions on such allegations can be made.

5. STRATEGIC PURPOSES - IMPLICATIONS

Relevant Strategic Purpose

5.1 It is important to ensure that the Council manages standards regime matters in an appropriate manner. The issues detailed in this report help to ensure that there is an effective and sustainable Council.

Climate Change Implications

5.2 There are no specific climate change implications.

6. OTHER IMPLICATIONS

Equalities and Diversity Implications

6.1 There are no direct implications arising out of this report. Details of the Council's arrangements for managing standards complaints under the Localism Act 2011 are available on the Council's website and from the Monitoring Officer on request.

Operational Implications

6.2 Member Complaints

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Since the last meeting of the Committee, the Parish Council complaint continues and is in respect of an incorrectly completed declaration form. The Monitoring Officer has been working with Clerk of the Parish Council to ensure that support is provided to Parish Councillors when completing declaration forms in the future.

The District complaint has resulted in a number of associated complaints being received since the last meeting and relates to relationships on a District Member-to-Member level. The Monitoring Officer is working with all Group Leaders to ensure that this matter is resolved locally to the satisfaction of all parties.

One further complaint has been received since the last meeting regarding a Parish matter and again, the Monitoring Officer is working with the Parish to ensure that the complaint is resolved locally.

The New Normal

- 6.3 Meetings continue to be held remotely in order to meet the requirements of the new legislation with all public meetings being live streamed to the Council's YouTube channel, and a link provided on the Council's website to access these. This allows the public to continue to see that Council business is carrying on and that decisions are being made in an appropriate manner.
- 6.4 The legislation which was put in place at the beginning of the first lockdown in respect of virtual meetings remains in place until 7th May 2021, although as previously highlighted, it is anticipated that this will be reviewed prior to that date and remote meetings will continue well in to 2021.
- 6.6 The Constitution Review Working Group are due to meet early in March 2021 and the Member Development Steering Group will meet on 22nd March 2021. In advance of the new municipal year, training for members will be considered at the Member Development Steering Group meeting and all Group Leaders will be asked to consider specific areas of training in order to support to their Members for the future. Any updates arising from these meetings will be provided to this Committee in due course.

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7. RISK MANAGEMENT

- 7.1 The main risks associated with the details included in this report are:
- Risk of challenge to Council decisions; and
 - Risk of complaints about elected Members.

8. APPENDICES and BACKGROUND PAPERS

No appendices.

Chapter 7 of the Localism Act 2011.

9. REPORT SIGN OFF

| Department | Name and Job Title | Date |
|---|---|---------|
| Portfolio Holder | Councillor Geoff Denaro – Portfolio Holder for Governance | Various |
| Lead Director / Head of Service | Claire Felton - Head of Legal, Equalities and Democratic Services and Monitoring Officer | Various |
| Financial Services | N/A | |
| Legal Services | Claire Felton - Head of Legal, Equalities and Democratic Services and Monitoring Officer | Various |
| Policy Team (if equalities implications apply) | N/A | |
| Climate Change Officer (if climate change implications apply) | N/A | |

Audit, Governance and Standards Committee

11 March

2021

Local Government Association new Model Code of Conduct

| | |
|--|--|
| Relevant Portfolio Holder | Councillor Geoff Denaro – Portfolio Holder for Finance and Enabling |
| Portfolio Holder Consulted | Yes |
| Relevant Head of Service | Claire Felton |
| Report Author | Job Title: Clare Flanagan Contact email:clare.flanagan@bromsgroveandredditch.gov.uk Contact Tel: 01527 534112 x3173 |
| Wards Affected | n/a |
| Ward Councillor(s) consulted | n/a |
| Relevant Strategic Purpose(s) | n/a |
| Key Decision / Non-Key Decision | n/a |
| If you have any questions about this report, please contact the report author in advance of the meeting. | |

1. RECOMMENDATIONS

The Committee is asked:

- 1) to review the new Model Code of Conduct at Appendix 1 and consider whether it recommends:
 - a) adopting it; or
 - b) amending the pan-Worcestershire Code currently in place attached at Appendix 2; or
 - c) amending the Model Code issued by the LGA; and
 - d) request the Monitoring Officer [MO] to liaise with other MOs across Worcestershire to consider the feedback from all councils and to bring forward a new Worcestershire wide Code for consideration.

2. BACKGROUND

- 2.1 The Committee will recall from previous reports that the National Committee on Standards and Public Life carried out a review of the operation of the Standards Regime under the Localism Act 2011 and also made a number of recommendations on 'best practice' in this regard. The report on the implementation of those recommendations and resulting changes to the Council's "Arrangements" for handling

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member complaints was considered by this committee at its last meeting on 24th November 2020.

2.2 In December 2020 the Local Government Association (LGA) published a model Code of Conduct as part of its work in supporting the sector to continue to aspire to high standards of leadership and performance. A copy of this is attached at Appendix 1. This is offered as a template for councils to adopt as a whole and/or with local amendments.

2.3 The content of the LGA Code is generally similar to the Worcestershire Code.

The main areas where it differs are:

- The LGA Code includes detailed guidance to explain the reasons for obligations and how they should be followed
- It includes a statement about a right to respectful behaviour from the public which is not referred to in the Worcestershire Code
- It includes an obligation to undertake Code of Conduct training provided by the local authority
- The value for registering gifts and hospitality is £50 compared to £15 in the Worcestershire Code
- There is more detail in the LGA Code about registering and declaring **Other** Interests. The LGA Code states (in table 2) that Councillors have a personal interest in any business where it relates to or affects any body of which a Councillor is in general control or management and to which they are nominated or appointed by the Council. This is in direct contrast to the current situation in the Worcestershire Code where appointment to an outside body by the Council does not automatically mean that an Other Interest should be declared.

2.4 Members have previously expressed a preference for a Code of Conduct that applies to all councils across the County and at all tiers of local government, as is currently the case in Worcestershire.

2.5 The new model code anticipates that some adaptations will be made for local adoption and for this reason it is recommended that members agree that the Monitoring Officers across the County should consider the feedback from this and the other Standards Committees to draft a new pan-Worcestershire Code and bring it back to each authority for consideration.

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2.6 Because primary legislation is required to introduce a number of the recommendations to strengthen the Standards regime as identified by the Committee on Standards in public life, it is recommended that we should move to the new model Code now and amend it for local adoption, rather than amend the current Code.

This is because any future changes that are introduced by legislation will relate to the new Code and it will therefore be more readily amended than if we were to stay with the current code, even if it were to be amended to align with the new model Code.

3. FINANCIAL IMPLICATIONS

3.1 There are no direct financial implications arising from this report.

4. LEGAL IMPLICATIONS

4.1 Under the Localism Act 2011, the Council is required to adopt a Code of Conduct, which it has. Following a review of the operation of the Standards regime under the Localism Act, carried out by the Committee for Standards in Public Life, the Local Government Association has issued a new Model Code and this report and subsequent proposed Code of Conduct for adoption by the Council, will ensure compliance with the requirements of the Localism Act.

5. STRATEGIC PURPOSES - IMPLICATIONS

Relevant Strategic Purpose

5.1 n/a

Climate Change Implications

5.2 n/a

6. OTHER IMPLICATIONS

Equalities and Diversity Implications

6.1 n/a

Operational Implications

6.2 n/a

7. RISK MANAGEMENT

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7.1

8. APPENDICES and BACKGROUND PAPERS

- Appendix 1 –Member Code of Conduct published by the LGA
<https://www.local.gov.uk/local-government-association-model-councillor-code-conduct-2020-0>
- Appendix 2 – Worcestershire County Council Code of Conduct

9. REPORT SIGN OFF

| Department | Name and Job Title | Date |
|---|---|---------|
| Portfolio Holder | Councillor Geoff Denaro – Portfolio Holder for Finance and Enabling | Various |
| Lead Director / Head of Service | Claire Felton | Various |
| Financial Services | N/A | |
| Legal Services | Claire Felton | Various |
| Policy Team (if equalities implications apply) | n/a | |
| Climate Change Officer (if climate change implications apply) | n/a | |



Local Government Association

Model Councillor Code of Conduct 2020

Joint statement

The role of councillor across all tiers of local government is a vital part of our country's system of democracy. It is important that as councillors we can be held accountable and all adopt the behaviors and responsibilities associated with the role. Our conduct as an individual councillor affects the reputation of all councillors. We want the role of councillor to be one that people aspire to. We also want individuals from a range of backgrounds and circumstances to be putting themselves forward to become councillors.

As councillors, we represent local residents, work to develop better services and deliver local change. The public have high expectations of us and entrust us to represent our local area; taking decisions fairly, openly, and transparently. We have both an individual and collective responsibility to meet these expectations by maintaining high standards and demonstrating good conduct, and by challenging behaviour which falls below expectations.

Importantly, we should be able to undertake our role as a councillor without being intimidated, abused, bullied or threatened by anyone, including the general public.

This Code has been designed to protect our democratic role, encourage good conduct and safeguard the public's trust in local government.

Introduction

The Local Government Association (LGA) has developed this Model Councillor Code of Conduct, in association with key partners and after extensive consultation with the sector, as part of its work on supporting all tiers of local government to continue to aspire to high standards of leadership and performance. It is a template for councils to adopt in whole and/or with local amendments.

All councils are required to have a local Councillor Code of Conduct.

The LGA will undertake an annual review of this Code to ensure it continues to be fit-for-purpose, incorporating advances in technology, social media and changes in legislation. The LGA can also offer support, training and mediation to councils and councillors on the application of the Code and the National Association of Local Councils (NALC) and the county associations of local councils can offer advice and support to town and parish councils.

Definitions

For the purposes of this Code of Conduct, a “councillor” means a member or co-opted member of a local authority or a directly elected mayor. A “co-opted member” is defined in the Localism Act 2011 Section 27(4) as “a person who is not a member of the authority but who

- a) is a member of any committee or sub-committee of the authority, or;
- b) is a member of, and represents the authority on, any joint committee or joint sub-committee of the authority;

and who is entitled to vote on any question that falls to be decided at any meeting of that committee or sub-committee”.

For the purposes of this Code of Conduct, “local authority” includes county councils, district councils, London borough councils, parish councils, town councils, fire and rescue authorities, police authorities, joint authorities, economic prosperity boards, combined authorities and National Park authorities.

Purpose of the Code of Conduct

The purpose of this Code of Conduct is to assist you, as a councillor, in modelling the behaviour that is expected of you, to provide a personal check and balance, and to set out the type of conduct that could lead to action being taken against you. It is also to protect you, the public, fellow councillors, local authority officers and the reputation of local government. It sets out general principles of conduct expected of all councillors and your specific obligations in relation to standards of conduct. The LGA encourages the use of support, training and mediation prior to action being taken using the Code. The fundamental aim of the Code is to create and maintain public confidence in the role of councillor and local government.

General principles of councillor conduct

Everyone in public office at all levels; all who serve the public or deliver public services, including ministers, civil servants, councillors and local authority officers; should uphold the [Seven Principles of Public Life](#), also known as the Nolan Principles.

Building on these principles, the following general principles have been developed specifically for the role of councillor.

In accordance with the public trust placed in me, on all occasions:

- I act with integrity and honesty
- I act lawfully
- I treat all persons fairly and with respect; and
- I lead by example and act in a way that secures public confidence in the role of councillor.

In undertaking my role:

- I impartially exercise my responsibilities in the interests of the local community
- I do not improperly seek to confer an advantage, or disadvantage, on any person
- I avoid conflicts of interest
- I exercise reasonable care and diligence; and
- I ensure that public resources are used prudently in accordance with my local authority's requirements and in the public interest.

Application of the Code of Conduct

This Code of Conduct applies to you as soon as you sign your declaration of acceptance of the office of councillor or attend your first meeting as a co-opted member and continues to apply to you until you cease to be a councillor.

This Code of Conduct applies to you when you are acting in your capacity as a councillor which may include when:

- you misuse your position as a councillor
- Your actions would give the impression to a reasonable member of the public with knowledge of all the facts that you are acting as a councillor;

The Code applies to all forms of communication and interaction, including:

- at face-to-face meetings
- at online or telephone meetings
- in written communication
- in verbal communication
- in non-verbal communication
- in electronic and social media communication, posts, statements and comments.

You are also expected to uphold high standards of conduct and show leadership at all times when acting as a councillor.

Your Monitoring Officer has statutory responsibility for the implementation of the Code of Conduct, and you are encouraged to seek advice from your Monitoring Officer on any matters that may relate to the Code of Conduct. Town and parish councillors are encouraged to seek advice from their Clerk, who may refer matters to the Monitoring Officer.

Standards of councillor conduct

This section sets out your obligations, which are the minimum standards of conduct required of you as a councillor. Should your conduct fall short of these standards, a complaint may be made against you, which may result in action being taken.

Guidance is included to help explain the reasons for the obligations and how they should be followed.

General Conduct

1. Respect

As a councillor:

1.1 I treat other councillors and members of the public with respect.

1.2 I treat local authority employees, employees and representatives of partner organisations and those volunteering for the local authority with respect and respect the role they play.

Respect means politeness and courtesy in behaviour, speech, and in the written word. Debate and having different views are all part of a healthy democracy. As a councillor, you can express, challenge, criticise and disagree with views, ideas, opinions and policies in a robust but civil manner. You should not, however, subject individuals, groups of people or organisations to personal attack.

In your contact with the public, you should treat them politely and courteously. Rude and offensive behaviour lowers the public's expectations and confidence in councillors.

In return, you have a right to expect respectful behaviour from the public. If members of the public are being abusive, intimidating or threatening you are entitled to stop any conversation or interaction in person or online and report them to the local authority, the relevant social media provider or the police. This also applies to fellow councillors, where action could then be taken under the Councillor Code of Conduct, and local authority employees, where concerns should be raised in line with the local authority's councillor-officer protocol.

2. Bullying, harassment and discrimination

As a councillor:

2.1 I do not bully any person.

2.2 I do not harass any person.

2.3 I promote equalities and do not discriminate unlawfully against any person.

The Advisory, Conciliation and Arbitration Service (ACAS) characterises bullying as offensive, intimidating, malicious or insulting behaviour, an abuse or misuse of power through means that undermine, humiliate, denigrate or injure the recipient. Bullying might be a regular pattern of behaviour or a one-off incident, happen face-to-face, on social media, in emails or phone calls, happen in the workplace or at work social events and may not always be obvious or noticed by others.

The Protection from Harassment Act 1997 defines harassment as conduct that causes alarm or distress or puts people in fear of violence and must involve such conduct on at least two occasions. It can include repeated attempts to impose unwanted communications and contact upon a person in a manner that could be expected to cause distress or fear in any reasonable person.

Unlawful discrimination is where someone is treated unfairly because of a protected characteristic. Protected characteristics are specific aspects of a person's identity defined by the Equality Act 2010. They are age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

The Equality Act 2010 places specific duties on local authorities. Councillors have a central role to play in ensuring that equality issues are integral to the local authority's performance and strategic aims, and that there is a strong vision and public commitment to equality across public services.

3. Impartiality of officers of the council

As a councillor:

3.1 I do not compromise, or attempt to compromise, the impartiality of anyone who works for, or on behalf of, the local authority.

Officers work for the local authority as a whole and must be politically neutral (unless they are political assistants). They should not be coerced or persuaded to act in a way that would undermine their neutrality. You can question officers in order to understand, for example, their reasons for proposing to act in a particular way, or the content of a report that they have written. However, you must not try and force them to act differently, change their advice, or alter the content of that report, if doing so would prejudice their professional integrity.

4. Confidentiality and access to information

As a councillor:

4.1 I do not disclose information:

- a. given to me in confidence by anyone**
- b. acquired by me which I believe, or ought reasonably to be aware, is of a confidential nature, unless**
 - i. I have received the consent of a person authorised to give it;**
 - ii. I am required by law to do so;**
 - iii. the disclosure is made to a third party for the purpose of obtaining professional legal advice provided that the third party agrees not to disclose the information to any other person; or**
 - iv. the disclosure is:**
 - 1. reasonable and in the public interest; and**
 - 2. made in good faith and in compliance with the reasonable requirements of the local authority; and**
 - 3. I have consulted the Monitoring Officer prior to its release.**

4.2 I do not improperly use knowledge gained solely as a result of my role as a councillor for the advancement of myself, my friends, my family members, my employer or my business interests.

4.3 I do not prevent anyone from getting information that they are entitled to by law.

Local authorities must work openly and transparently, and their proceedings and printed materials are open to the public, except in certain legally defined circumstances. You should work on this basis, but there will be times when it is required by law that discussions, documents and other information relating to or held by the local authority must be treated in a confidential manner. Examples include personal data relating to individuals or information relating to ongoing negotiations.

5. Disrepute

As a councillor:

5.1 I do not bring my role or local authority into disrepute.

As a Councillor, you are trusted to make decisions on behalf of your community and your actions and behaviour are subject to greater scrutiny than that of ordinary members of the public. You should be aware that your actions might have an adverse impact on you, other councillors and/or your local authority and may lower the public's confidence in you or your local authority's ability to discharge your/it's functions. For example, behaviour that is considered dishonest and/or deceitful can bring your local authority into disrepute.

You are able to hold the local authority and fellow councillors to account and are able to constructively challenge and express concern about decisions and processes undertaken by the council whilst continuing to adhere to other aspects of this Code of Conduct.

6. Use of position

As a councillor:

6.1 I do not use, or attempt to use, my position improperly to the advantage or disadvantage of myself or anyone else.

Your position as a member of the local authority provides you with certain opportunities, responsibilities, and privileges, and you make choices all the time that will impact others. However, you should not take advantage of these opportunities to further your own or others' private interests or to disadvantage anyone unfairly.

7. Use of local authority resources and facilities

As a councillor:

7.1 I do not misuse council resources.

7.2 I will, when using the resources of the local or authorising their use by others:

- a. act in accordance with the local authority's requirements; and**
- b. ensure that such resources are not used for political purposes unless that use could reasonably be regarded as likely to facilitate, or be conducive to, the discharge of the functions of the local authority or of the office to which I have been elected or appointed.**

You may be provided with resources and facilities by the local authority to assist you in carrying out your duties as a councillor.

Examples include:

- office support
- stationery
- equipment such as phones, and computers
- transport
- access and use of local authority buildings and rooms.

These are given to you to help you carry out your role as a councillor more effectively and are not to be used for business or personal gain. They should be used in accordance with the purpose for which they have been provided and the local authority's own policies regarding their use.

8. Complying with the Code of Conduct

As a Councillor:

8.1 I undertake Code of Conduct training provided by my local authority.

8.2 I cooperate with any Code of Conduct investigation and/or determination.

8.3 I do not intimidate or attempt to intimidate any person who is likely to be involved with the administration of any investigation or proceedings.

8.4 I comply with any sanction imposed on me following a finding that I have breached the Code of Conduct.

It is extremely important for you as a councillor to demonstrate high standards, for you to have your actions open to scrutiny and for you not to undermine public trust in the local authority or its governance. If you do not understand or are concerned about the local authority's processes in handling a complaint you should raise this with your Monitoring Officer.

Protecting your reputation and the reputation of the local authority

9. Interests

As a councillor:

9.1 I register and disclose my interests.

Section 29 of the Localism Act 2011 requires the Monitoring Officer to establish and maintain a register of interests of members of the authority .

You need to register your interests so that the public, local authority employees and fellow councillors know which of your interests might give rise to a conflict of interest. The register is a public document that can be consulted when (or before) an issue arises. The register also protects you by allowing you to demonstrate openness and a willingness to be held accountable. You are personally responsible for deciding whether or not you should disclose an interest in a meeting, but it can be helpful for you to know early on if others think that a potential conflict might arise. It is also important that the public know about any interest that might have to be disclosed by you or other councillors when making or taking part in decisions, so that decision making is seen by the public as open and honest. This helps to ensure that public confidence in the integrity of local governance is maintained.

You should note that failure to register or disclose a disclosable pecuniary interest as set out in **Table 1**, is a criminal offence under the Localism Act 2011.

Appendix B sets out the detailed provisions on registering and disclosing interests. If in doubt, you should always seek advice from your Monitoring Officer.

10. Gifts and hospitality

As a councillor:

- 10.1 I do not accept gifts or hospitality, irrespective of estimated value, which could give rise to real or substantive personal gain or a reasonable suspicion of influence on my part to show favour from persons seeking to acquire, develop or do business with the local authority or from persons who may apply to the local authority for any permission, licence or other significant advantage.**
- 10.2 I register with the Monitoring Officer any gift or hospitality with an estimated value of at least £50 within 28 days of its receipt.**
- 10.3 I register with the Monitoring Officer any significant gift or hospitality that I have been offered but have refused to accept.**

In order to protect your position and the reputation of the local authority, you should exercise caution in accepting any gifts or hospitality which are (or which you reasonably believe to be) offered to you because you are a councillor. The presumption should always be not to accept significant gifts or hospitality. However, there may be times when such a refusal may be difficult if it is seen as rudeness in which case you could accept it but must ensure it is publicly registered. However, you do not need to register gifts and hospitality which are not related to your role as a councillor, such as Christmas gifts from your friends and family. It is also important to note that it is appropriate to accept normal expenses and hospitality associated with your duties as a councillor. If you are unsure, do contact your Monitoring Officer for guidance.

Appendices

Appendix A – The Seven Principles of Public Life

The principles are:

Selflessness

Holders of public office should act solely in terms of the public interest.

Integrity

Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must disclose and resolve any interests and relationships.

Objectivity

Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.

Accountability

Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.

Openness

Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.

Honesty

Holders of public office should be truthful.

Leadership

Holders of public office should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.

Appendix B Registering interests

Within 28 days of becoming a member or your re-election or re-appointment to office you must register with the Monitoring Officer the interests which fall within the categories set out in **Table 1 (Disclosable Pecuniary Interests)** which are as described in "The Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012". You should also register details of your other personal interests which fall within the categories set out in **Table 2 (Other Registerable Interests)**.

"Disclosable Pecuniary Interest" means an interest of yourself, or of your partner if you are aware of your partner's interest, within the descriptions set out in Table 1 below.

"Partner" means a spouse or civil partner, or a person with whom you are living as husband or wife, or a person with whom you are living as if you are civil partners.

1. You must ensure that your register of interests is kept up-to-date and within 28 days of becoming aware of any new interest, or of any change to a registered interest, notify the Monitoring Officer.
2. A 'sensitive interest' is as an interest which, if disclosed, could lead to the councillor, or a person connected with the councillor, being subject to violence or intimidation.
3. Where you have a 'sensitive interest' you must notify the Monitoring Officer with the reasons why you believe it is a sensitive interest. If the Monitoring Officer agrees they will withhold the interest from the public register.

Non participation in case of disclosable pecuniary interest

4. Where a matter arises at a meeting which directly relates to one of your Disclosable Pecuniary Interests as set out in **Table 1**, you must disclose the interest, not participate in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation. If it is a 'sensitive interest', you do not have to disclose the nature of the interest, just that you have an interest. Dispensation may be granted in limited circumstances, to enable you to participate and vote on a matter in which you have a disclosable pecuniary interest.
5. Where you have a disclosable pecuniary interest on a matter to be considered or is being considered by you as a Cabinet member in exercise of your executive function, you must notify the Monitoring Officer of the interest and must not take any steps or further steps in the matter apart from arranging for someone else to deal with it

Disclosure of Other Registerable Interests

6. Where a matter arises at a meeting which **directly relates** to one of your Other Registerable Interests (as set out in **Table 2**), you must disclose the interest. You may speak on the matter only if members of the public are also allowed to speak at the meeting but otherwise must not take part in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation. If it is a 'sensitive interest', you do not have to disclose the nature of the interest.

Disclosure of Non-Registerable Interests

7. Where a matter arises at a meeting which **directly relates** to your financial interest or well-being (and is not a Disclosable Pecuniary Interest set out in Table 1) or a financial interest or well-being of a relative or close associate, you must disclose the interest. You may speak on the matter only if members of the public are also allowed to speak at the meeting. Otherwise you must not take part in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation. If it is a 'sensitive interest', you do not have to disclose the nature of the interest.
8. Where a matter arises at a meeting which **affects** –
 - a. your own financial interest or well-being;
 - b. a financial interest or well-being of a relative, close associate; or
 - c. a body included in those you need to disclose under Other Registrable Interests as set out in **Table 2**

you must disclose the interest. In order to determine whether you can remain in the meeting after disclosing your interest the following test should be applied

9. Where a matter **affects** your financial interest or well-being:
 - a. to a greater extent than it affects the financial interests of the majority of inhabitants of the ward affected by the decision and;
 - b. a reasonable member of the public knowing all the facts would believe that it would affect your view of the wider public interest

You may speak on the matter only if members of the public are also allowed to speak at the meeting. Otherwise you must not take part in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation.

If it is a 'sensitive interest', you do not have to disclose the nature of the interest.

10. Where you have a personal interest in any business of your authority and you have made an executive decision in relation to that business, you must make sure that any written statement of that decision records the existence and nature of your interest.

Table 1: Disclosable Pecuniary Interests

This table sets out the explanation of Disclosable Pecuniary Interests as set out in the [Relevant Authorities \(Disclosable Pecuniary Interests\) Regulations 2012](#).

| Subject | Description |
|--|---|
| Employment, office, trade, profession or vocation | Any employment, office, trade, profession or vocation carried on for profit or gain. [Any unpaid directorship.] |
| Sponsorship | Any payment or provision of any other financial benefit (other than from the council) made to the councillor during the previous 12-month period for expenses incurred by him/her in carrying out his/her duties as a councillor, or towards his/her election expenses. This includes any payment or financial benefit from a trade union within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992. |
| Contracts | Any contract made between the councillor or his/her spouse or civil partner or the person with whom the |

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| | |
|----------------------------|---|
| | <p>councillor is living as if they were spouses/civil partners (or a firm in which such person is a partner, or an incorporated body of which such person is a director* or a body that such person has a beneficial interest in the securities of*) and the council —</p> <p>(a) under which goods or services are to be provided or works are to be executed; and</p> <p>(b) which has not been fully discharged.</p> |
| Land and Property | <p>Any beneficial interest in land which is within the area of the council.</p> <p>'Land' excludes an easement, servitude, interest or right in or over land which does not give the councillor or his/her spouse or civil partner or the person with whom the councillor is living as if they were spouses/civil partners (alone or jointly with another) a right to occupy or to receive income.</p> |
| Licenses | <p>Any licence (alone or jointly with others) to occupy land in the area of the council for a month or longer</p> |
| Corporate tenancies | <p>Any tenancy where (to the councillor's knowledge)—</p> <p>(a) the landlord is the council; and</p> <p>(b) the tenant is a body that the councillor, or his/her spouse or civil partner or the person with whom the councillor is living as if they were spouses/civil partners is a partner of or a director* of or has a beneficial interest in the securities* of.</p> |
| Securities | <p>Any beneficial interest in securities* of a body where—</p> <p>(a) that body (to the councillor's knowledge) has a place of business or land in the area of the council; and</p> <p>(b) either—</p> <p>(i) the total nominal value of the securities* exceeds £25,000 or one hundredth of the total issued share capital of that body; or</p> <p>(ii) if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which the councillor, or his/her spouse or civil partner or the person with whom the councillor is living as if they were</p> |

| | |
|--|---|
| | spouses/civil partners has a beneficial interest exceeds one hundredth of the total issued share capital of that class. |
|--|---|

* 'director' includes a member of the committee of management of an industrial and provident society.

* 'securities' means shares, debentures, debenture stock, loan stock, bonds, units of a collective investment scheme within the meaning of the Financial Services and Markets Act 2000 and other securities of any description, other than money deposited with a building society.

Table 2: Other Registrable Interests

You have a personal interest in any business of your authority where it relates to or is likely to affect:

- a) any body of which you are in general control or management and to which you are nominated or appointed by your authority
- b) any body
 - (i) exercising functions of a public nature
 - (ii) any body directed to charitable purposes or
 - (iii) one of whose principal purposes includes the influence of public opinion or policy (including any political party or trade union)

Appendix C – the Committee on Standards in Public Life

The LGA has undertaken this review whilst the Government continues to consider the recommendations made by the Committee on Standards in Public Life in their report on [Local Government Ethical Standards](#). If the Government chooses to implement any of the recommendations, this could require a change to this Code.

The recommendations cover:

- Recommendations for changes to the Localism Act 2011 to clarify in law when the Code of Conduct applies
- The introduction of sanctions
- An appeals process through the Local Government Ombudsman
- Changes to the Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012
- Updates to the Local Government Transparency Code
- Changes to the role and responsibilities of the Independent Person
- That the criminal offences in the Localism Act 2011 relating to Disclosable Pecuniary Interests should be abolished

The Local Government Ethical Standards report also includes Best Practice recommendations. These are:

Best practice 1: Local authorities should include prohibitions on bullying and harassment in codes of conduct. These should include a definition of bullying and harassment, supplemented with a list of examples of the sort of behaviour covered by such a definition.

Best practice 2: Councils should include provisions in their code of conduct requiring councillors to comply with any formal standards investigation and prohibiting trivial or malicious allegations by councillors.

Best practice 3: Principal authorities should review their code of conduct each year and regularly seek, where possible, the views of the public, community organisations and neighbouring authorities.

Best practice 4: An authority's code should be readily accessible to both councillors and the public, in a prominent position on a council's website and available in council premises.

Best practice 5: Local authorities should update their gifts and hospitality register at least once per quarter, and publish it in an accessible format, such as CSV.

Best practice 6: Councils should publish a clear and straightforward public interest test against which allegations are filtered.

Best practice 7: Local authorities should have access to at least two Independent Persons.

Best practice 8: An Independent Person should be consulted as to whether to undertake a formal investigation on an allegation, and should be given the option to

review and comment on allegations which the responsible officer is minded to dismiss as being without merit, vexatious, or trivial.

Best practice 9: Where a local authority makes a decision on an allegation of misconduct following a formal investigation, a decision notice should be published as soon as possible on its website, including a brief statement of facts, the provisions of the code engaged by the allegations, the view of the Independent Person, the reasoning of the decision-maker, and any sanction applied.

Best practice 10: A local authority should have straightforward and accessible guidance on its website on how to make a complaint under the code of conduct, the process for handling complaints, and estimated timescales for investigations and outcomes.

Best practice 11: Formal standards complaints about the conduct of a parish councillor towards a clerk should be made by the chair or by the parish council, rather than the clerk in all but exceptional circumstances.

Best practice 12: Monitoring Officers' roles should include providing advice, support and management of investigations and adjudications on alleged breaches to parish councils within the remit of the principal authority. They should be provided with adequate training, corporate support and resources to undertake this work.

Best practice 13: A local authority should have procedures in place to address any conflicts of interest when undertaking a standards investigation. Possible steps should include asking the Monitoring Officer from a different authority to undertake the investigation.

Best practice 14: Councils should report on separate bodies they have set up or which they own as part of their annual governance statement and give a full picture of their relationship with those bodies. Separate bodies created by local authorities should abide by the Nolan principle of openness and publish their board agendas and minutes and annual reports in an accessible place.

Best practice 15: Senior officers should meet regularly with political group leaders or group whips to discuss standards issues.

The LGA has committed to reviewing the Code on an annual basis to ensure it is still fit for purpose.

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CODE OF CONDUCT

Part 1

General provisions

Introduction and interpretation

1. (1) This Code applies to **you** as a member or co-opted member
- (2) You should read this Code together with the Ten Principles of Public Life (also known as the Nolan Principles) which are set out in Appendix 1.
- (3) It is your responsibility to comply with the provisions of this Code.
- (4) In this Code—
 - "meeting" means any meeting of
 - (a) the authority (Bromsgrove District Council Council/FRA);
 - (b) any of the authority's committees, sub-committees, joint committees, joint sub-committees, or area committees;
 - (c) the executive (Cabinet) of the authority or its committees;
 - (d) an external body upon which the member sits as a representative of the authority;
 - "Monitoring Officer" means the Monitoring Officer for the authority;
 - "bullying and harassment includes;
 - oppressive behaviour or the abuse of power, which makes the recipient feel threatened, humiliated or vulnerable, and which may undermine his/her self-confidence and cause him/her to suffer stress."

Examples are set out at Appendix 3 to this Code.

Scope

2. (1) This Code applies to you as a member of this authority when you act in your role as a Member or as a representative of the authority in the circumstances described in para 2 (b) below.
- (2) Where you act as a representative of the authority:
 - (a) on another relevant authority, you must, when acting for that other authority, comply with that other authority's code of conduct; or
 - (b) on any other body, you must, when acting for that other body, comply with the authority's code of conduct, except and insofar as it conflicts with any other lawful obligations to which that other body may be subject.

General obligations

3. (1) You must treat others with respect in accordance with the Nolan Principles.
- (2) You must co-operate with any standards investigations
- (3) You must not:
 - (a) do anything which may cause your authority to breach any of the equality enactments;
 - (b) bully or harass any person;
 - (c) intimidate or attempt to intimidate any person who is or is likely to be:
 - (i) a complainant,
 - (ii) a witness, or
 - (iii) involved in the administration of any investigation or proceedings,in relation to an allegation that a member (including yourself) has failed to comply with the authority's Code of Conduct;
 - (d) do anything which compromises or is likely to compromise the impartiality of those who work for, or on behalf of, the authority.

4. You must not:
- (a) do anything that is likely to cause your authority to breach Data Protection law;
 - (b) disclose information given to you in confidence by anyone, or information acquired by you which you believe, or ought reasonably to be aware, is of a confidential nature, except where:
 - (i) you have the consent of a person authorised to give it;
 - (ii) you are required by law to do so;
 - (iii) the disclosure is made to a third party for the purpose of obtaining professional advice provided that the third party agrees not to disclose the information to any other person; or
 - (iv) the disclosure is:
 - (aa) reasonable and in the public interest; and
 - (bb) made in good faith and in compliance with the reasonable requirements of the authority; or
 - (c) prevent another person from gaining access to information to which that person is entitled by law.
5. You must not conduct yourself in a manner which could reasonably be regarded as bringing your office or authority into disrepute.
6. You:
- (a) must not use or attempt to use your position as a member improperly to confer on or secure for yourself or any other person, an advantage or disadvantage; and
 - (b) must, when using or authorising the use by others of the resources of, or under the control of, the authority:
 - (i) act in accordance with the authority's reasonable requirements including in relation to the use of authority stationery and official logos and branding;

- (ii) ensure that such resources are not used improperly for political purposes (including party political purposes); and
 - (c) must have regard to any applicable Local Authority Code of Publicity.
7. You must:
- (a) when reaching decisions on any matter have regard to any relevant advice provided to you by the authority's officers and in particular by the authority's Monitoring Officer and Section 151 Officer; and
 - (b) give reasons for all decisions in accordance with any statutory requirements and any reasonable additional requirements imposed by the authority
8. You must not place yourself under any financial or other obligation to outside individuals or organisations that might seek to influence you in the performance of your official duties, and must comply with the authority's guidance on gifts and hospitality (attached as Appendix 4)

Part 2

Interests

Disclosable Pecuniary Interests ("DPI")

9. (1) You will have a Disclosable Pecuniary Interest ("DPI") under this Code if:-
- (a) such interest meets the definition prescribed by the DPI regulations as amended from time to time and set out in Appendix 2 to this Code; and
 - (b) it is either an interest of yourself; or it is an interest of :-
 - (i) your spouse or civil partner; or
 - (ii) a person with whom you are living as husband and wife: or
 - (iii) a person with whom you are living as if you were civil partners;

and you are aware that the other person has the interest.

Registration of DPIs

- 10. (1) You must within 28 days of becoming a member of the authority or being re-elected notify the Monitoring Officer in writing of any DPI which you hold at the time notification is given.
- (2) You must within 28 days of becoming aware of any new DPI, or changes to existing DPIs, notify the Monitoring Officer in writing of the detail.

Other Disclosable Interests (ODI)

- 11.(1) You will have a Disclosable Interest in any matter if you are aware that you or a member of your family or person or organisation with whom you are associated have a:-
 - a pecuniary interest in the matter under discussion which is not de minimis; or
 - b a close connection with the matter under discussion.
- (2) If you are a member of another local authority, or public body, or you have been appointed as the Council's representative on an outside body, you do not have a Disclosable Interest unless a member of the public knowing the circumstances would reasonably regard membership of the body concerned as being likely to prejudice your judgment of what is in the public interest.

Disclosure of Interests

12.(1) Formal Meetings

Disclosable Pecuniary Interest (DPI)

If you are present at a Meeting and you have a DPI then you must:

- a disclose the nature and existence of the interest;

- b leave the meeting (including the meeting room and public gallery) and take no part in the discussion; and
- c If the interest has not already been recorded notify the Monitoring Officer of the interest within 28 days beginning with the date of the meeting.

Other Disclosable Interest (ODI)

If you are present at a Meeting and you have an ODI then you must:

- a disclose the nature and existence of the interest; and
- b if the interest;
 - i affects your pecuniary interests or relates to the determination of a planning or regulatory matter; and
 - ii is one which a member of the public knowing the circumstances would reasonably regard as being likely to prejudice your judgment of what is in the public interest

then you must leave the Meeting (including the meeting room and public gallery) and take no part in the discussion.

(2) Informal meetings and correspondence

Disclosable Pecuniary Interest (DPI)

If you have a DPI in the matter you must not participate in informal meetings, briefings or site visits, and must disclose the DPI in any correspondence with the authority.

Other Disclosable Interest (ODI)

If you have an ODI in the matter, then you must disclose the existence and nature of that interest at informal meetings, briefings or site visits, and must disclose the ODI in any correspondence with the authority.

If the ODI is such that you would be required to leave a formal Meeting as above, then you must not participate in the informal meeting.

(3) Single Member Decisions

Disclosable Pecuniary Interest (DPI)

If when participating in single member decision-making you have a DPI in the matter being decided then you must take no steps in relation to the decision other than asking for the matter to be decided in some other manner.

Other Disclosable Interest (ODI)

If you have an ODI in the matter being decided, then you must disclose the existence and nature and record it on the record of decision.

If the ODI is such that you would be required to leave a formal Meeting as set out above, then you must take no steps in relation to the decision other than asking for the matter to be decided in some other manner.

(4) Dispensations

You may take part in the discussion of and any decision or vote on a matter in which you have been granted a formal dispensation.

Sensitive Information

13. An interest will be a sensitive interest if the two following conditions apply:

- a that you have an interest (whether or not a DPI); and
- b the nature of the interest is such that you and the Monitoring Officer consider that disclosure of the details of the interest could lead to you or a person connected to you being subject to violence or intimidation.
- c where it is decided that an interest is a “sensitive interest” it will be excluded from published versions of the register. The Monitoring Officer may state on the register that the member has an interest the details of which are excluded under this section.
- d where the sensitive interest is a DPI the usual rules relating to disclosure will apply save that the member will only be required to disclose that they hold a DPI in the matter concerned.

APPENDIX 1

The Ten Principles of Public Life

APPENDIX 2

The Localism Act Definition of Disclosable Pecuniary Interests Regulations

APPENDIX 3

Examples of bullying and harassment

APPENDIX 4

Gifts and hospitality

Appendix 1

MEMBERS CODE OF CONDUCT

THE TEN GENERAL PRINCIPLES OF PUBLIC LIFE

Selflessness – Members should serve only the public interest and should never improperly confer an advantage or disadvantage on any person.

Honesty and Integrity – Members should not place themselves in situations where their honesty and integrity may be questioned, should not behave improperly, and should on all occasions avoid the appearance of such behaviour.

Objectivity – Members should make decisions on merit, including when making appointments, awarding contracts, or recommending individuals for rewards or benefits.

Accountability – Members should be accountable to the public for their actions and the manner in which they carry out their responsibilities, and should co-operate fully and honestly with any scrutiny appropriate to their particular office.

Openness – Members should be as open as possible about their actions and those of their authority, and should be prepared to give reasons for those actions.

Personal judgement – Members may take account of the views of others, including their political groups, but should reach their own conclusions on the issues before them and act in accordance with those conclusions.

Respect for others – Members should promote equality by not discriminating unlawfully against any person, and by treating people with respect, regardless of their race, age, religion, gender, sexual orientation or disability. They should respect the impartiality and integrity of the authority's statutory officers and its other employees.

Duty to uphold the Law – Members should uphold the law and, on all occasions, act in accordance with the trust that the public is entitled to place in them.

Stewardship – Members should do whatever they are able to do to ensure that their authorities use their resources prudently and in accordance with the law.

Leadership – Members should promote and support these principles by leadership, and by example, and should act in a way that secures or preserves public confidence.

Appendix 2

DISCLOSABLE PECUNIARY INTERESTS

This note explains the requirements of the Localism Act 2011 (Ss 29-34) in relation to disclosable pecuniary interests.

These provisions are enforced by criminal sanction.

They come into force on 1 July.

1 Notification of disclosable pecuniary interests

Within 28 days of becoming a member or co-opted member, you must notify the Monitoring Officer of any 'disclosable pecuniary interests'.

A 'disclosable pecuniary interest' is an interest of yourself or your partner (which means spouse or civil partner, a person with whom you are living as husband or wife, or a person with whom you are living as if you are civil partners) within the following descriptions:

| <i>Interest</i> | <i>description</i> |
|---|--|
| Employment, office, trade, profession or vacation | Any employment, office, trade, profession or vocation carried on for profit or gain. |
| Sponsorship | Any payment or provision of any other financial benefit (other than from the relevant authority) made or provided within the relevant period in respect of any expenses incurred by M in carrying out duties as a member, or towards the election expenses of M. This includes any payment or financial benefit from a trade union within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992. |
| Contracts | Any contract which is made between the relevant person (or a body in which the relevant person has a beneficial interest) and the relevant authority— (a) under which goods or services are to be provided or works are to be executed; and (b) which has not been fully discharged. |
| Land | Any beneficial interest in land which is within the area of the relevant authority. |
| Licences | Any licence (alone or jointly with others) to |

occupy land in the area of the relevant authority for a month or longer.

Corporate tenancies

Any tenancy where (to M's knowledge)—
(a) the landlord is the relevant authority;
and
(b) the tenant is a body in which the relevant person has a beneficial interest.

Securities

Any beneficial interest in securities of a body where—
(a) that body (to M's knowledge) has a place of business or land in the area of the relevant authority; and
(b) either—

(i) the total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body; or

(ii) if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which the relevant person has a beneficial interest exceeds one hundredth of the total issued share capital of that class.

These descriptions on interests are subject to the following definitions;

“the Act” means the Localism Act 2011;

“body in which the relevant person has a beneficial interest” means a firm in which the relevant person is a partner or a body corporate of which the relevant person is a director, or in the securities of which the relevant person has a beneficial interest;

“director” includes a member of the committee of management of an industrial and provident society;

“land” includes an easement, servitude, interest or right in or over land which does not carry with it a right for the relevant person (alone or jointly with another) to occupy the land or to receive income;

“M” means the person M referred to in section 30 of the Act;

“member” includes a co-opted member;

“relevant authority” means the authority of which M is a member;

“relevant period” means the period of 12 months ending with the day on which M gives a notification for the purposes of section 30(1) of the Act;

“relevant person” means M or any other person referred to in section 30(3)(b) of the Act;

“securities” means shares, debentures, debenture stock, loan stock, bonds, units of a collective investment scheme within the meaning of the Financial Services and Markets Act 2000() and other securities of any description, other than money deposited with a building society.

Appendix 3

EXAMPLES OF BULLYING AND HARRASSMENT

Bullying and harassment may include:

- physical contact ranging from touching to assault
- verbal and written comments through jokes, offensive language, personal comments about appearance, size, clothing etc
- innuendo, gossip and letters etc.
- malicious rumours and allegations, including fabricating complaints from clients and other members of staff.
- open aggression, threats, shouting, abuse and obscenities, persistent negative attacks.
- constant humiliation, criticism and ridicule, belittling efforts and undervaluing contribution
- trolling.

Harassment is unwanted conduct on the grounds of any protected characteristic as defined by the Equality Act 2010, political or Trade Union affiliation, or take the form of victimisation, that:

- has the purpose of violating a person's dignity or creating an intimidating, hostile, degrading, humiliating or offensive environment for that person; or
- is reasonably considered by that person to have the effect of violating his/her dignity or of creating an intimidating, hostile, degrading, humiliating or offensive environment for him/her, even if this effect was not intended by the person responsible for the conduct.

This is not exhaustive.

Appendix 4

GIFTS AND HOSPITALITY

1. Minor gifts and hospitality are sometimes part of the normal courtesies of life: a resident may offer a modest gift as a token of appreciation and sometimes simple items such as diaries and pens are distributed as advertising matter. In dealing with a matter in your ward/division you may be offered a cup of tea or light refreshments.
2. As a guideline, any gift or hospitality with a value of £15 or more is highly unlikely to be viewed as a 'token'. You must consider whether it is appropriate to accept even token gifts, especially where you are dealing with regulatory or procurement matters when it would usually be inappropriate to receive any gift from involved parties. In case of doubt you should consult the Monitoring Officer.
3. Offers of hospitality, even if seemingly minor in nature, must be treated with particular caution as they can leave individuals and the Council open to allegations of impropriety. The timing of offers of hospitality, for example in relation to the award of contracts, granting of applications or other decisions, should be considered equally to the generosity of the hospitality offered. Accepting hospitality must be justified in the public interest, for example when there is a genuine need to represent the Council.
4. All offers and receipt of gifts and hospitality with a value of £15 or higher must be reported to the Monitoring Officer who will ensure it is recorded in the Council's register of gifts and hospitality, which will be published.

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Grant Thornton - Audit Findings Report 2019/20

| | | |
|---|--|---|
| Relevant Portfolio Holder | | Councillor Geoff Denaro |
| Portfolio Holder Consulted | | Yes |
| Relevant Head of Service | | Chris Forrester – Head of Finance and Customer Services |
| Report Author | Job Title: Head of Finance and Customer Services Contact email: chris.forrester@bromsgroveandredditch.gov.uk Contact Tel: 01527 64252 1673 | |
| Wards Affected | | All wards |
| Ward consulted | Councillor(s) | No |
| Relevant Purpose(s) | Strategic | |
| Non-Key Decision | | |
| If you have any questions about this report, please contact the report author in advance of the meeting. | | |
| This report contains exempt information as defined in Paragraph(s) of Part I of Schedule 12A to the Local Government Act 1972, as amended | | |

1. RECOMMENDATIONS

The Committee APPROVE;

- 1) the Audit Findings Report 2019/20 as attached at Appendix 1;**

2. BACKGROUND

3. FINANCIAL IMPLICATIONS

- 3.1 The cost associated with the External audit is funded from approved budgets. Due to a number of issues there is likely to be an increased cost from Audit this year. This will be funded from reserves.

4. LEGAL IMPLICATIONS

- 4.1 The Council has a statutory responsibility to comply with financial regulations. Included within the report is a recommendation to the Council under section 11(3) of the Audit Commission Act 1998.

5. STRATEGIC PURPOSES – IMPLICATIONS

- 5.1 The report attached at Appendix 1 presents the Audit Findings Report in relation to the audit of the 2019/20 Statement of Accounts.

- 5.2 There are a number of recommendations contained within it from auditors which management have responded to accordingly.

Climate Change Implications

- 5.3 There are no climate change implications from this report.

6. OTHER IMPLICATIONS

Equalities and Diversity Implications

- 6.1 There are no implications arising out of this report.

7. RISK MANAGEMENT

- 7.1 The recommendations from the External Auditors will be picked up within the financial services risk arrangements.

8. APPENDICES and BACKGROUND PAPERS

Appendix 1 – Audit findings report

9. REPORT SIGN OFF

| Department | Name and Job Title | Date |
|---|--|-------------|
| Portfolio Holder | Geoff Denaro - Portfolio Holder for Finance and Enabling | Various |
| Lead Director / Head of Service | Chris Forrester – Head of Finance and Customer Services | Various |
| Financial Services | Chris Forrester – Head of Finance and Customer Services | Various |
| Legal Services | Claire Felton – Head of Legal Services | Various |
| Policy Team (if equalities implications apply) | N/A | |
| Climate Change Officer (if climate change implications apply) | N/A | |

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The Audit Findings for Bromsgrove District Council

Year ended 31 March 2020

11 March 2021

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Your key Grant Thornton team members are:

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Section

1. Headlines
2. Financial statements
3. Value for money
4. Independence and ethics

Appendices

- A. Action plan
- B. Follow up of prior year recommendations
- C. Audit adjustments
- D. Fees
- E. Audit Opinion

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The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of expressing our opinion on the financial statements. Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify control weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all defalcations or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might identify. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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Agenda Item 6

Headlines

This table summarises the key findings and other matters arising from the statutory audit of Bromsgrove District Council ('the Council') and the preparation of the group and Council's financial statements for the year ended 31 March 2020 for those charged with governance.

| Covid-19 | | |
|----------------------|--|--|
| | <p>The outbreak of the Covid-19 coronavirus pandemic has had a significant impact on the normal operations of the Council. The financial implications have been set out in a report from the Executive Director of Resources to Cabinet on 8 July 2020.</p> <p>Officers have had to deal with factors such as the administration of grants to businesses, closure of leisure centres and car parks, and the additional challenges of reopening services under new government guidelines, as well as facilitating hundreds of people working from home.</p> <p>Authorities are still required to prepare financial statements in accordance with the relevant accounting standards and the Code of Audit Practice, albeit to an extended deadline for the preparation of the financial statements up to 31 August 2020 and the date for audited financial statements to 30 November 2020.</p> | <p>We updated our audit risk assessment to consider the impact of the pandemic on our audit and issued an audit plan addendum on 28 April 2020. In that addendum we reported an additional financial statement risk in respect of Covid -19 and highlighted the impact on our VfM approach. Further detail is set out on page 9.</p> <p>Restrictions for non-essential travel has meant both Council and audit teams have had to get used to new ways of remote working, including remotely accessing financial systems, video calling, additional procedures to verify the completeness and accuracy of information produced by the Council, as well as making greater use of 'Info', our document management sharing system.</p> <p>We had initially planned to begin our work on your draft financial statements in early August, but this was initially put back to the beginning of September as the financial statements were not ready. On 27 August Officers notified us that they would not be able to prepare and publish the financial statements by 31 August as required by the amended regulations. The pre audit financial statements were signed by the Executive Director of Resources on 18 September, which is over two weeks later than the revised 31 August deadline.</p> |
| Financial Statements | <p>Under International Standards of Audit (UK) (ISAs) and the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report whether, in our opinion, the group and Council's financial statements:</p> <ul style="list-style-type: none"> • give a true and fair view of the financial position of the group and Council and the group and Council's income and expenditure for the year; and • have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting and prepared in accordance with the Local Audit and Accountability Act 2014. <p>We are also required to report whether other information published together with the audited financial statements (including the Annual Governance Statement (AGS) and Narrative Report), is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.</p> | <p>Our audit work is substantially complete. The audit was undertaken remotely during September - February. Our findings are summarised on pages 6 to 16. We will report adjustments to the financial statements that will require changes to the Council's Comprehensive Income and Expenditure Statement to you once Officers have worked through the adjustments and amended the financial statements. There is one item, in relation to housing benefit payments to claimants, amounting to £72k, which is shown in 2019/20, rather than 2020/21. Officers have declined to adjust for this owing to the impact on ongoing claim payments, and will process the change at the beginning of 2021/22. We have included this item in the Letter of Representation we have requested, and ask the Committee to approve Officers' proposal. Audit adjustments are detailed in Appendix C. We have also raised recommendations for management as a result of our audit work in Appendix A. Our follow up of recommendations from the prior year's audit are detailed in Appendix B.</p> <p>Our work is substantially complete and we anticipate that our audit opinion will be unmodified, but will include an "Emphasis of Matter" highlighting the material uncertainty around property valuations.</p> <p>We have concluded that the other information to be published with the financial statements is consistent with our knowledge of your organisation.</p> <p>There are no matters of which we are aware that would require modification of our audit opinion (Appendix E) or material changes to the financial statements, subject to the following outstanding matters;</p> <ul style="list-style-type: none"> • employee remuneration testing; • receipt of management representation letter; and • review of the final set of financial statements. |

Headlines

Value for Money arrangements

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report if, in our opinion, the Council has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources ('the value for money (VFM) conclusion').

We have completed our risk based review of the Council's value for money arrangements in respect of the significant risk identified in our Audit Plan around financial sustainability. We have concluded that Bromsgrove District Council has proper arrangements to secure economy, efficiency and effectiveness in its use of resources in this area.

We also considered whether the significant challenges in relation to the financial statements audit also need to be reflected in our value for money conclusion, given one of the NAO VFM criteria relates to "Unreliable and untimely financial reporting that doesn't support the delivery of strategic priorities, such as the late submission of financial statements for audit". This was considered by an independent consistency panel who agreed with our assessment that the VFM Conclusion should not be qualified in this regard. This was principally because of the support from the Chief Executive to the Acting S.151 Officer, and of the audit process.

We have updated our VFM risk assessment to document our understanding of your arrangements to ensure critical business continuity in the current environment. We have not identified any new VFM risks in relation to Covid-19.

Our findings are summarised on pages 19 to 20.

Statutory duties

The Local Audit and Accountability Act 2014 ('the Act') also requires us to:

- report to you if we have applied any of the additional powers and duties ascribed to us under the Act; and
- to certify the closure of the audit.

We have not exercised any of our additional statutory powers or duties.

We expect to be able to certify the completion of the audit when we give our audit opinion.

Audit approach

Overview of the scope of our audit

This Audit Findings Report presents the observations arising from the audit to date that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260 and the Code of Audit Practice ('the Code'). Its contents have been discussed with management.

As auditors we are responsible for performing an audit, in accordance with International Standards on Auditing (UK) and the Code, which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

Materiality levels remain the same as reported in our audit plan.

Audit approach

Our audit approach was based on a thorough understanding of the Council's business and is risk based, and in particular included:

- an evaluation of the Council's internal controls environment, including its IT systems and controls; and
- substantive testing on significant transactions and material account balances, including the procedures outlined in this report in relation to the key audit risks

We have had to alter our audit plan, as communicated to you on 5 March 2020, to reflect our response to the Covid-19 pandemic. We reported this in our audit plan addendum dated 28 April 2020. We have reported how we addressed this risk on page 9.

| | Group Amount (£) | Council Amount (£) | Qualitative factors considered |
|--|------------------|--------------------|--|
| Materiality for the financial statements | 904,000 | 900,000 | We considered materiality from the perspective of the users of the financial statements. The Council prepares an expenditure based budget for the financial year with the primary objective to provide services for the local community and therefore gross expenditure at the Net Cost of Services level was deemed as the most appropriate benchmark. This benchmark was used in the prior year. Recognising the size and scale of the Council, we deemed that 2% was an appropriate rate to apply to the expenditure benchmark. We also applied this to the Group. |
| Performance materiality | 542,000 | 540,000 | We have set performance materiality at 60% of headline materiality. This reflects the issues experienced, and number of changes to the financial statements, in previous years. |
| Trivial matters | 45,000 | 45,000 | This is the level set for reporting errors or omissions to Those Charged with Governance (5% of headline materiality). |
| Materiality for the remuneration of individual senior managers | 7,000 | 7,000 | We have set a separate lower materiality level for the disclosure note on remuneration of individual senior managers. In view of the sensitivity of this note to the reader of the accounts, we have set a materiality level of £7k, being 2% of the earnings disclosed in the prior year remuneration note. |

Key messages

Quality of working papers and responses to audit questions

In our Audit Findings Reports for the 2018/19 and 2017/18 financial years we have noted the need to improve the quality of working papers supporting the financial statements and to ensure that responses to audit questions are “Right first time”. We have agreed recommendations and actions with Officers. In both years we have agreed an additional audit fee of £4,500 to reflect the significant amount of additional audit time required as a result of poor quality working papers.

In our progress report presented to the Audit, Standards & Governance Committee on 24 November 2020 we again highlighted our concerns and challenges in this area, and provided some illustrative examples. During the ensuing discussion Members recognised the issues both officers and auditors face.

A new financial ledger was introduced on 1 February 2021. Officers are confident that this will significantly enhance the quality of working papers provided. However, the reports generated will only provide analysis of what is in the ledger. This should make sample selection easier, but until the culture changes so that “Right first time” becomes a reality, the audit process will continue to be extremely challenging.

Our initial read through of the financial statements identified 45 issues – spelling mistakes, typographical errors, incorrect cross-references – that Officers agreed to amend. This is a far higher number than we would expect to see, and does raise concerns regarding the quality and accuracy of the financial statements as a whole.

We have set out some illustrative examples of the challenges faced below.

Creditors

The extract from the financial statements included below demonstrates that this is a simple note, analysing the amount the Council owed at 31 March 2020 into three categories. We set up an initial request for working papers supporting this note on 24 July. While this is before the financial statements were due to be approved it is good practice for working papers to be prepared alongside the financial statements to provide officers and auditors with assurance that the figures are supported by the underlying information.

Note 22 Creditors

| | Short term creditors | |
|--------------------------------|----------------------|-----------------|
| | 2019/20 £000 | 2018/19 £000 |
| Central government bodies | (3,719) | (327) |
| Other local authorities | (6,760) | (3,330) |
| Other Entities and Individuals | (2,203) | (1,465) |
| Total | (12,682) | (5,122) |

However, the information request was not opened until 7 October – nearly a month after the financial statements were published. Officers began to provide information to the audit team from 11 November – a further five weeks after opening the request, and two months after publication of the financial statements.

The audit team and officers discussed the information presented by Officers numerous times after 11 November, with the final working papers supporting the Note being presented to the audit team on 8 December – nearly three months after the publication of the financial statements.

Ultimately there were 14 separate documents presented to the audit team in support of this Note. Many of those were Excel spreadsheets with numerous tabs. From this information the audit team followed the Grant Thornton audit approach to select a sample of items for detailed testing.

Just 13 items were tested in detail. Of these, we raised further questions on 9. All of the supporting evidence was not received until 11 January.

Debtors

The audit team faced similar challenges in this area. We were not able to select a sample of items for detailed testing until 10 November. Even then, the breakdown from which the team had to work consisted of 13 separate files, many in Excel with multiple tabs.

Key messages

Quality of working papers and responses to audit questions (continued)

Cash received after 31 March

Auditors need to test income received in the new financial year to ensure that it has been recognised in the correct year. A large proportion of the income receipts have been processed through a suspense account before being coded to the correct account code. This means that we were unable to remove many of the items that had already been tested elsewhere (e.g. council tax, housing benefit overpayments etc) as we were unable to identify what the suspense account items related to. We therefore had to spend a lot of time understanding the process and discussing the best way to obtain an appropriate sample.

Payroll / Employee Benefits

We have experienced very significant challenges in this area. In particular:

- 1) Obtaining monthly payroll reports that can be reconciled to the financial statements.
- 2) Obtaining "Full Time Equivalent" staff reports that correctly show starters and leavers. Different reports have variously:
 - a) Show leavers being paid after they left;
 - b) Show leavers as never having been paid in the year;
 - c) Merged information from Bromsgrove DC and Redditch BC payroll;
 - d) Not showing starters as having ever been paid in the year.

We have had numerous video calls with Officers, and were supplied with at least five versions of these reports. The failure of Officers to provide us with what ought to be straightforward reports undermines audit confidence in the system and raises serious questions around the veracity of the information.

These examples demonstrate the significant amount of additional work that both auditors and officers have had to undertake in order to obtain appropriate assurance over what are actually fairly simple and straightforward parts of the financial statements.

Key messages arising from our financial statements work

Property, Plant and Equipment

- The depreciation policy disclosed in the accounts is not consistent with what is actually being applied, and needs to be updated.
- The Fixed Asset Register shows over £5.6m of fully depreciated Vehicles, Plant & Equipment. We asked Management to consider whether these should be written out (they are no longer used) or prove they are still in existence and in use. Management have advised that they are still in use. We would therefore ask Management to reconsider their useful lives as, if the assets are fully depreciated but still in use, they would not appear to be appropriate.
- A £71k gain on disposal of assets has been recognised in Note 8, however only £3k of this relates to a gain on the disposal of a fixed asset, the rest relates to claw backs and repayments of capital grants. The £68k is therefore not being presented appropriately.
- Property, Plant and Equipment – assets not revalued in year - Management have not carried out procedures to establish whether material changes (positive or negative) in asset valuations have occurred between the date assets were last revalued and the reporting date. However, our own work in this area has concluded a non material variance of £295k, so we are satisfied that the assets that have not been formally revalued in year are not materially different to the current value. In future years management need to conduct their own assessment.
- Officers did not engage the external valuer through a formal Letter of Engagement. This makes it impossible to ascertain whether the valuer completed all of the work requested or intended.
- Note 14 - Property, Plant and Equipment – enhanced to include the material uncertainty around asset valuations arising from Covid-19.
- Note 14 – Property, Plant and Equipment – Our work identified that Vehicles, Plant & Equipment showed valuation movements, but the accounting policy states they are held at depreciated historic cost and not therefore revalued. Officers confirmed it is the plant and machinery at the Bromsgrove Sports and Leisure Centre which accounts for 30% of the valuation and is material. Officers agreed to revise the accounting policy to refer to this exception.

Key messages

Key messages arising from our financial statements work (continued)

- Officers have made a material prior period adjustment to Note 26 for the 2018/19 'Movement in Pension Liability' figure. This arose because the impact of the late McCloud pension adjustment in 2018/19, while processed properly through the CIES and Balance Sheet, was not also processed through the Cash Flow Statement as "Movement in pension liability". This means that "Cash and cash equivalents at the end of the reporting period" was misstated by £1,151k. Officers have included a note explaining this.
- Officers have made an immaterial prior period adjustment to the Group Movement in Reserves Statement (MiRS). The Group MiRS was misstated by £216k, and did not agree to the Group Balance Sheet. This related to the valuation of the Artrix Centre, which had been correctly reflected in the financial statements, except for in the Group MiRS.
- The Group Balance Sheet did not include £2,000k Short Term Investments – which had been omitted from the breakdown of Current Assets. The total of £11,180k was correct, but the figures only cast to £9,180k.
- Note 17 - Financial Instruments:
 - The note is not clearly laid out in a way that enables the user to trace the figures back to the Balance Sheet effectively.
 - We also identified that all disclosure requirements had not been met. For example, it was not clear what categories financial assets and liabilities are classed in (i.e. for assets are they amortised cost, FVPL or FVOCI).
 - The note included references to old terminology (e.g. loans and receivables) that is no longer relevant under IFRS 9.
 - There was no disclosure of the Fair Value Hierarchy for all assets and liabilities (e.g. cash and cash equivalents, Level 1) etc.
 - We have agreed a revised version of Note 17 where the figures are split between financial assets and liabilities, short/long term, fair value/amortised cost and non-financial assets/liabilities, and the disclosure requirements are met.
- After reviewing the disclosures around the Non Domestic Rates (NDR) Provision and the business rate pool we agreed with Officers that several Notes in the financial statements, where this is discussed, could be made clearer. Notes 3, 4, 5, 6 and 38 were enhanced.
- Note 19 – Debtors – required additional disclosure to fully comply with the Code. Officers have agreed, but will make the enhancements in 2020/21:
 - Disclosures by class of debtor for past due assets;
 - Age analysis of assets past due, but not impaired;
 - Analysis of assets individually determined to be impaired and the factors considered.
- Our work on the Annual Governance Statement identified a significant number of typographical errors, not referring to the CIPFA / SOLACE requirements, and saying nothing about the "Significant Governance Issues". The Statement has been significantly enhanced, and now meets the disclosure requirements and is consistent with the financial statements and our knowledge obtained in the audit.
- Our work on the Narrative Report identified a number of areas for enhancement. The amended Report now meets the disclosure requirements and is consistent with the financial statements and our knowledge obtained in the audit.
- Note 4 – Assumptions made about the future and other major sources of estimation uncertainty – agreed to remove provision for bad debt and business rates appeals as these are not major sources of estimation uncertainty.
- Note 37 – Pensions – we identified a small number of areas that need to be amended to make the Note clearer. None affect the assets, liabilities or amounts paid.
- Note 31 - Audit Fees – was amended to make it a more accurate reflection of the audit fee as agreed in our Audit Plan.
- Note 2 - Standards not yet adopted – the FRS 16 disclosure was not supported by the work the Council has done. We have agreed revised wording.

Significant audit risks

Risk identified in our Audit Plan addendum

Covid- 19

The global outbreak of the Covid-19 virus pandemic has led to unprecedented uncertainty for all organisations, requiring urgent business continuity arrangements to be implemented. We expect current circumstances will have an impact on the production and audit of the financial statements for the year ended 31 March 2020, including and not limited to;

- remote working arrangements and redeployment of staff to critical front line duties may impact on the quality and timing of the production of the financial statements, and the evidence we can obtain through physical observation;
- volatility of financial and property markets will increase the uncertainty of assumptions applied by management to asset valuation and receivable recovery estimates, and the reliability of evidence we can obtain to corroborate management estimates;
- financial uncertainty will require management to reconsider financial forecasts supporting their going concern assessment and whether material uncertainties for a period of at least 12 months from the anticipated date of approval of the audited financial statements have arisen; and
- disclosures within the financial statements will require significant revision to reflect the unprecedented situation and its impact on the preparation of the financial statements as at 31 March 2020 in accordance with IAS1, particularly in relation to material uncertainties.

We therefore identified the global outbreak of the Covid-19 virus as a significant risk.

Auditor commentary

To address this risk we:

- worked with management to understand the implications the response to the Covid-19 pandemic had on the organisation's ability to prepare the financial statements and update financial forecasts and assessed the implications on our audit approach;
- liaised with other audit suppliers, regulators and government departments to co-ordinate practical cross sector responses to issues as and when they arose. An example of this is the audit approach to the material valuation uncertainty disclosed by property valuers and the Emphasis of Matter paragraph included in audit opinions;
- evaluated the adequacy of the disclosures in the financial statements in light of the Covid-19 pandemic;
- evaluated whether sufficient audit evidence using alternative approaches could be obtained for the purposes of our audit whilst working remotely;
- evaluated whether sufficient audit evidence could be obtained to corroborate significant management estimates such as asset valuations and recovery of receivable balances;
- evaluated management's assumptions that underpin the revised financial forecasts and the impact on management's going concern assessment; and
- discussed with management any potential implications for our audit report if we were unable to obtain sufficient audit evidence.

Findings

As previously noted, the Council were ultimately unable to produce draft financial statements to the extended financial reporting timetable following the Covid-19 pandemic and as a result of this and other challenges experienced during the audit, our audit opinion will be provided significantly later than planned.

Aspects of our work have been much more challenging as we were unable to meet with officers to discuss issues. Being able to do this makes discussing issues and resolving questions much easier.

Significant audit risks

Risks identified in our Audit Plan

The revenue cycle includes fraudulent transactions (rebutted)

Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue. This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.

Auditor commentary

Having considered the risk factors set out in ISA240 and the nature of the revenue streams at the Council, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because:

- there is little incentive to manipulate revenue recognition;
- opportunities to manipulate revenue recognition are very limited; and
- the culture and ethical frameworks of local authorities, including Bromsgrove District Council, mean that all forms of fraud are seen as unacceptable.

Therefore we do not consider this to be a significant risk for Bromsgrove District Council. The group financial statements do not include any additional revenue, so there is no risk relating to the group.

Findings

Our audit work has not identified any issues that have caused us to revisit our initial assessment as set out above.

Management over-ride of controls

Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities.

We therefore identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk, which was one of the most significant assessed risks of material misstatement.

To address this risk we:

- evaluated the design effectiveness of management controls over journals;
- analysed the journals listing and determined the criteria for selecting high risk unusual journals;
- tested unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration;
- gained an understanding of the accounting estimates and critical judgements applied made by management and considered their reasonableness with regard to corroborative evidence; and
- evaluated the rationale for any changes in accounting policies, estimates or significant unusual transactions.

Findings

Our work in this area has not identified any issues in respect of management override of controls.

Significant audit risks

Risks identified in our Audit Plan

Valuation of land and buildings

The Council and group revalues its land and buildings on a rolling five-yearly basis. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved and the sensitivity of this estimate to changes in key assumptions. Additionally, management will need to ensure the carrying value in the Council and group financial statements is not materially different from the current value or the fair value (for surplus assets) at the financial statements date, where a rolling programme is used

We therefore identified valuation of land and buildings, particularly revaluations and impairments, as a significant risk, which was one of the most significant assessed risks of material misstatement.

Auditor commentary

To address this risk we:

- evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work;
- evaluated the competence, capabilities and objectivity of the valuation expert;
- wrote to the valuer to confirm the basis on which the valuation was carried out;
- challenged the information and assumptions used by the valuer to assess completeness and consistency with our understanding;
- tested revaluations made during the year to see if they had been input correctly into the Council's asset register; and
- evaluated the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value at year end.

Findings

Revaluations

We noted in our Audit Plan dated 5 March 2020 that the FRC has determined that auditors need to improve the quality of audit challenge on PPE valuations across the sector. We therefore increased the volume and scope of our audit work to ensure an adequate level of audit scrutiny and challenge over the assumptions that underpin PPE valuations. This resulted in significantly more work than previous years, including review and challenge of the source data used by the valuer to prepare valuations. This work was particularly challenging as we were not able to meet in person with the valuer to go through this work.

Our work in this area is complete. However, we have encountered some very serious challenges and delays in completing our work:

- We had difficulty in obtaining the previous revaluation reports. This delayed us being able to select a sample for detailed testing.
- Having selected a sample for detailed testing we were unable to follow the accounting treatment, necessitating further discussions with Officers.
- Officers were unable to provide us with floor areas for those properties revalued, which is a key input in the valuation calculation. This is surprising as we would expect the Council to know the floor area of buildings it owns for other purposes. These were eventually provided by the Valuer, but obtaining them took a huge amount of time.
- Officers have not engaged the external valuer through a Letter of Engagement. This makes it impossible to ascertain whether the valuer completed all of the work requested or intended.

Our work in this area is complete, and there are no further changes to the financial statements.

Significant audit risks

Risks identified in our Audit Plan

Valuation of pension fund net liability

The Council's pension fund net liability, as reflected in its balance sheet as the net defined benefit liability, represents a significant estimate in the financial statements. The pension fund net liability is considered a significant estimate due to the size of the numbers involved and the sensitivity of the estimate to changes in key assumptions.

We therefore identified valuation of the Council's pension fund net liability as a significant risk, which was one of the most significant assessed risks of material misstatement.

Auditor commentary


To address this risk we:

- updated our understanding of the processes and controls put in place by management to ensure that the Council's pension fund net liability is not materially misstated and evaluated the design of the associated controls;
- evaluated the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work;
- assessed the competence, capabilities and objectivity of the actuary who carried out the Council's pension fund valuation;
- assessed the accuracy and completeness of the information provided by the Council to the actuary to estimate the liability;
- tested the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary;
- undertook procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performed any additional procedures suggested within the report; and
- obtained assurances from the auditor of Worcestershire Pension Fund as to the controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements.





Findings

Our audit has not identified any issues in respect of the valuation of the pension fund net liability.



Significant findings – key estimates and judgements

| Accounting area | Summary of management's policy | Auditor commentary | Assessment |
|-----------------------------|---|--|--|
| Provisions for NNDR appeals | <p>In previous years the Council has been responsible for repaying successful rateable value appeals. The calculation of the provision required was based upon the latest information about outstanding rates appeals provided by the Valuation Office Agency (VOA) and previous success rates. The provision remained largely unchanged being £1,303k in 2017/18 and £1,311k in 2018/19.</p> <p>However, as explained in Note 5 – "From 1st April 2019 the Council became part of the Worcestershire 75% Business Rate Pilot Pool rather than the Greater Birmingham and Solihull Business Rate Pool (GBSBRP). The agreement is a no detriment arrangement whereby the Council receives a share equal to the 40% it received under GBSBRP arrangements and benefit from any increase in business rate income. The Council share is received from Worcestershire County Council (WCC) rather than the Collection Fund. The 75% Pilot arrangements apply for 2019/20 only and provide that WCC receive 74% of business rate income, Hereford and Worcester Fire and Rescue (HWFR) continue to receive 1% and Central Government receive 25% rather than 50% it received under the previous arrangements. The Balance Sheet as at 31st March 2020 requires business rate activity (arrears, prepayments, appeals, surplus and provision for bad debts) other than court costs to be allocated to WCC (74%), HWFR (1%) and Central Government (25%) whereas the Balance Sheet as at 31st March 2019 included a 40% allocation to the Council."</p> <p>Therefore, the provision for business rate appeals has reduced from £1,311k in 2018/19 to zero in 2019/20.</p> | <p>This represents a significant change in the approach to recognising provisions for business rates appeals. We conducted extensive work in order to obtain adequate assurance that the new arrangements were consistent with other Worcestershire local authorities and the Business Rate Pool agreement.</p> <p>Officers agreed to enhance the notes in the financial statements which relate to this issue – 3, 4, 5, 6 and 38. Adding to note 5:</p> <p>"The significant changes to creditors and provisions in respect of the Worcestershire Business Rate Pilot Pool will only apply to 2019/20, the duration of the Pilot. In 2020/21, the Council will return to being accountable for 40% of the Business Rate Pool and holding a 40% share of business rate creditors, prepayments and appeals"</p> <p>Adding to notes 3, 4, 6 & 38:</p> <p>"The Council manages the Collection Fund and accounts for business rates on behalf of itself, Worcestershire County Council, Hereford and Worcester Fire and Rescue Authority and Central Government. The Council share of the business rate assets and liabilities in 2019/20 was 0% in accordance with the Worcestershire Business Rate Pilot Pool that operated for that year. This compares with 40% in 2018/19. From 2020/21 the share of assets and liabilities will revert back to 40%."</p> <p>We are satisfied that the amended disclosures provide clarity over the arrangements, and that the accounting for them is reasonable.</p> | <p> (Green)</p> |





Assessment

-  We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
-  We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
-  We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
-  We consider management's process is appropriate and key assumptions are neither optimistic or cautious

















Significant findings – key estimates and judgements

| Accounting area | Summary of management's policy | Auditor commentary | Assessment |
|-----------------------------------|---|--|--|
| Land and Buildings – Other | The Council revalues its land and buildings as a minimum on a rolling five-yearly basis with interim reviews. If the value of an asset class is projected to materially change during the period since the last valuation then further valuations are instructed. Some asset classes are currently valued annually. | We have set out our findings in relation to the valuation of other land and buildings on page 11. The work required for us to be satisfied that the judgements and estimates used by management in determining the value of other land and buildings are appropriate for the Council is complete. |  (Green) |
| Net pension liability | A full actuarial valuation is required every three years. The latest full actuarial valuation was completed in 2019. A roll forward approach is used in intervening periods, which utilises key assumptions such as life expectancy, discount rates, salary growth and investment returns. Given the significant value of the net pension fund liability, small changes in assumptions can result in significant valuation movements. | We have set out our findings in relation to the net pension liability on page 12. We are satisfied that the judgements and estimates used by management in determining the pension fund asset and liability are consistent with those used by the actuary and appropriate for the Council. |  (Green) |





Assessment

-  We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
-  We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
-  We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
-  We consider management's process is appropriate and key assumptions are neither optimistic or cautious

Significant findings – key judgements and estimates

| | Summary of management's policy | Audit Comments | Assessment | | | | | | | | | | | | | | | | | | | | | | | | |
|--|--|---|--|---|---------------|-----------|------------|---------------|------|-------------|---|-----------------------|------|------|---|---------------|------|------|---|--|------------|-----------------------------|---|--|------------|-----------------------------|---|
| Net pension liability | <p>The Council's net pension liability at 31 March 2020 is £48.4m (2018/19 £44.1m).</p> <p>The Council uses Mercer to provide actuarial valuations of the Council's assets and liabilities derived from these schemes. A full actuarial valuation is required every three years.</p> <p>The latest full actuarial valuation was completed in 2019. A roll forward approach is used in intervening periods, which utilises key assumptions such as life expectancy, discount rates, salary growth and investment returns.</p> <p>Given the significant value of the net pension fund liability, small changes in assumptions can result in significant valuation movements.</p> | <p>We have:</p> <ul style="list-style-type: none"> Undertaken an assessment of management's expert Reviewed and assessed the actuary's roll forward approach taken Used an auditors expert (PWC) to assess the actuary and assumptions made by the actuary |  (Green) | | | | | | | | | | | | | | | | | | | | | | | | |
| Page 71 | <table border="1"> <thead> <tr> <th data-bbox="721 444 1224 515">Assumption</th> <th data-bbox="1224 444 1396 515">Actuary Value</th> <th data-bbox="1396 444 1587 515">PwC range</th> <th data-bbox="1587 444 1763 515">Assessment</th> </tr> </thead> <tbody> <tr> <td data-bbox="721 515 1224 594">Discount rate</td> <td data-bbox="1224 515 1396 594">2.4%</td> <td data-bbox="1396 515 1587 594">2.3% - 2.4%</td> <td data-bbox="1587 515 1763 594"></td> </tr> <tr> <td data-bbox="721 594 1224 644">Pension increase rate</td> <td data-bbox="1224 594 1396 644">2.2%</td> <td data-bbox="1396 594 1587 644">2.1%</td> <td data-bbox="1587 594 1763 644"></td> </tr> <tr> <td data-bbox="721 644 1224 722">Salary growth</td> <td data-bbox="1224 644 1396 722">3.6%</td> <td data-bbox="1396 644 1587 722">3-4%</td> <td data-bbox="1587 644 1763 722"></td> </tr> <tr> <td data-bbox="721 722 1224 801">Life expectancy – Males currently aged 45 / 65</td> <td data-bbox="1224 722 1396 801">24.2/ 22.6</td> <td data-bbox="1396 722 1587 801">24.0 – 25.8/ 20.9 – 23.2</td> <td data-bbox="1587 722 1763 801"></td> </tr> <tr> <td data-bbox="721 801 1224 865">Life expectancy – Females currently aged 45 / 65</td> <td data-bbox="1224 801 1396 865">27.0/ 25.0</td> <td data-bbox="1396 801 1587 865">25.9 – 27.7/ 22.5 – 24.7</td> <td data-bbox="1587 801 1763 865"></td> </tr> </tbody> </table> | | | Assumption | Actuary Value | PwC range | Assessment | Discount rate | 2.4% | 2.3% - 2.4% |  | Pension increase rate | 2.2% | 2.1% |  | Salary growth | 3.6% | 3-4% |  | Life expectancy – Males currently aged 45 / 65 | 24.2/ 22.6 | 24.0 – 25.8/ 20.9 – 23.2 |  | Life expectancy – Females currently aged 45 / 65 | 27.0/ 25.0 | 25.9 – 27.7/ 22.5 – 24.7 |  |
| | Assumption | Actuary Value | PwC range | Assessment | | | | | | | | | | | | | | | | | | | | | | | |
| | Discount rate | 2.4% | 2.3% - 2.4% |  | | | | | | | | | | | | | | | | | | | | | | | |
| | Pension increase rate | 2.2% | 2.1% |  | | | | | | | | | | | | | | | | | | | | | | | |
| | Salary growth | 3.6% | 3-4% |  | | | | | | | | | | | | | | | | | | | | | | | |
| | Life expectancy – Males currently aged 45 / 65 | 24.2/ 22.6 | 24.0 – 25.8/ 20.9 – 23.2 |  | | | | | | | | | | | | | | | | | | | | | | | |
| Life expectancy – Females currently aged 45 / 65 | 27.0/ 25.0 | 25.9 – 27.7/ 22.5 – 24.7 |  | | | | | | | | | | | | | | | | | | | | | | | | |

Assessment

-  We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
-  We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
-  We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
-  We consider management's process is appropriate and key assumptions are neither optimistic or cautious

Salary growth – PWC conclude “When considering the CPI inflation [pension increase rate] in aggregate with the discount rate assumption, the assumptions will lead to liabilities falling within our expected ranges and hence can be considered reasonable. The CPI inflation assumption sits at or above the top, or most prudent end, of the range we would expect to see.

Female life expectancy – PWC conclude “While some of the individual components of this assumption fall outside of our expected ranges, overall the future improvements in mortality assumptions are within our expected range, albeit towards the most prudent end”.

We have reviewed:

- Completeness and accuracy of the underlying information used to determine the estimate
- Impact of any changes to valuation method
- Reasonableness of the Council's share of LGPS pension assets.
- Reasonableness of increase/decrease in estimate
- Adequacy of disclosure of estimate in the financial statements

Significant findings – going concern

Our responsibility

As auditors, we are required to “obtain sufficient appropriate audit evidence about the appropriateness of management’s use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity’s ability to continue as a going concern” (ISA (UK) 570).

Going concern commentary

Management's assessment process

Management do not undertake a formal assessment of whether the Council is a going concern.

The Council has a sound income stream through Council Tax (£9.2m) and Business Rates (£4.5m) (although this includes a one-off gain through the release on the 2017 rating list provision for appeals, the Council share being £1.9m). It has delivered a balanced budget year on year and has a realistic Medium Term Financial Plan.

The Council also has usable, non earmarked reserves of £4.4m.

Work performed

Our audit work, including our VFM work, has not raised any doubts around the going concern assumption. Also, in the public sector, going concern is taken to mean that the services are transferred / delivered by another body. As the Council services / functions would be delivered by any successor body, the threat of re-organisation does not apply.

Auditor commentary

Auditor commentary

The use of the going concern assumption is reasonable as the Council has a realistic Medium Term Financial Plan and sufficient reserves to cover any short term unexpected need. It would be considered a going concern even if it demised and the services transferred to another body. Our Informing the Audit Risk Assessment report, presented to Audit, Standards and Governance Committee on 5 March, shows on pages 16 to 19 the arrangements in place to demonstrate that the Council is a going concern.

Auditor commentary

The reported position of the Council at 31 March 2020 per the draft financial statements shows that they have total current assets of £11.2m compared to £17.7m current liabilities. £1.4m of the total current assets are cash and are therefore highly liquid.

We have nothing to report in relation to Going Concern.

Other matters for communication

We set out below details of other matters which we, as auditors, are required by auditing standards and the Code to communicate to those charged with governance.

| Issue | Auditor commentary |
|---|---|
| Matters in relation to fraud | We have previously discussed the risk of fraud with the Audit, Standards and Governance Committee. We have not been made aware of any material incidents in the period and no other issues have been identified during the course of our audit procedures. |
| Matters in relation to related parties | We are not aware of any related parties or related party transactions which have not been disclosed. |
| Matters in relation to laws and regulations | You have not made us aware of any significant incidences of non-compliance with relevant laws and regulations and we have not identified any incidences from our audit work. |
| Written representations | A letter of representation will be requested from the Council. There is one item that Officers are proposing not to amend, in relation to housing benefit payments to claimants incorrectly shown in 2019/20 rather than 2020/21. The amount is £72,000. This will be included in the letter we request. We will also make specific representations in relation to the Prior Period Adjustment made in the post-audit financial statements. |
| Confirmation requests from third parties | We requested from management permission to send confirmation requests to banks and councils with whom the Council had investments or borrowing. This permission was granted and the requests were sent. All of these requests were returned with positive confirmation. |
| Disclosures | Our review found no material omissions in the financial statements, however disclosure adjustments are disclosed in Appendix C. |
| Audit evidence and explanations/significant difficulties | We have reported the significant difficulties with our audit of the draft accounts and working papers on page 6. |

Other responsibilities under the Code

| Issue | Commentary |
|--|--|
| Other information | <p>We are required to give an opinion on whether the other information published together with the audited financial statements (including the Annual Governance Statement and Narrative Report), is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.</p> <p>Our work on the Annual Governance Statement identified a significant number of typographical errors, not referring to the CIPFA / SOLACE requirements, and saying nothing about the "Significant Governance Issues". The Statement has been significantly enhanced, and now meets the disclosure requirements and is consistent with the financial statements and our knowledge obtained in the audit.</p> <p>Our work on the Narrative Report identified a number of areas for enhancement. The amended Report now meets the disclosure requirements and is consistent with the financial statements and our knowledge obtained in the audit.</p> |
| Matters on which we report by exception | <p>We are required to report on a number of matters by exception in a number of areas:</p> <ul style="list-style-type: none"> • if the Annual Governance Statement does not meet the disclosure requirements set out in the CIPFA/SOLACE guidance or is misleading or inconsistent with the other information of which we are aware from our audit; and/or • if we have applied any of our statutory powers or duties. <p>We have nothing to report on these matters, however, please note the comments above.</p> |
| Specified procedures for Whole of Government Accounts | <p>We are required to carry out specified procedures (on behalf of the NAO) on the Whole of Government Accounts (WGA) consolidation pack under WGA group audit instructions.</p> <p>Detailed work is not required as the Council does not exceed the audit threshold.</p> |
| Certification of the closure of the audit | <p>We intend to certify the closure of the 2019/20 audit of Bromsgrove District Council in the audit report, as detailed in Appendix E.</p> |

Value for Money

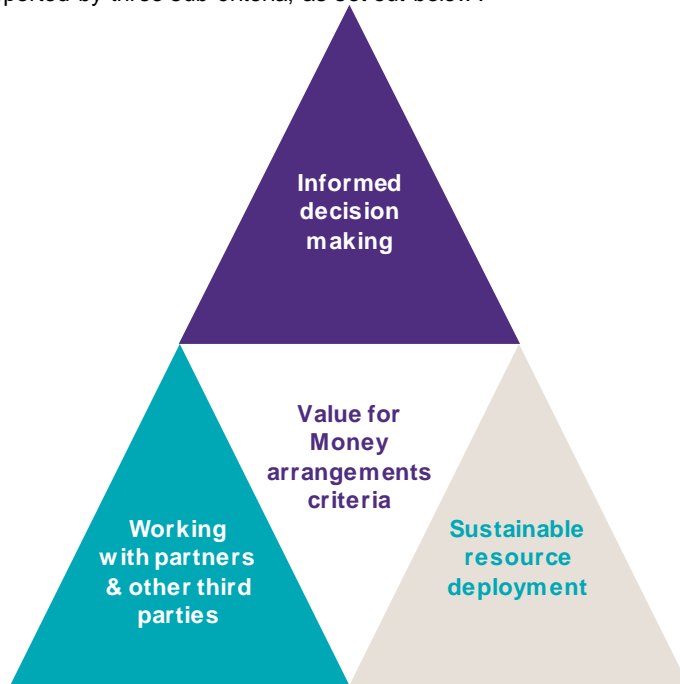
Background to our VFM approach

We are required to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the Value for Money (VFM) conclusion.

We are required to carry out sufficient work to satisfy ourselves that proper arrangements are in place at the Council. In carrying out this work, we are required to follow the NAO's Auditor Guidance Note 3 (AGN 03) issued in April 2020. AGN 03 identifies one single criterion for auditors to evaluate:

"In all significant respects, the audited body takes properly informed decisions and deploys resources to achieve planned and sustainable outcomes for taxpayers and local people."

This is supported by three sub-criteria, as set out below:



Risk assessment

We carried out an initial risk assessment in January 2020 and identified one significant risk in respect of specific areas of proper arrangements using the guidance contained in AGN03. We communicated this risk to you in our Audit Plan dated 5 March 2020.

We have continued our review of relevant documents up to the date of giving our report, and have not identified any further significant risks where we need to perform further work. We do not consider Covid-19 to be a significant risk given the date of the pandemic.

We carried out further work only in respect of the significant risk we identified from our initial and ongoing risk assessment.

Our work

AGN 03 requires us to disclose our views on significant qualitative aspects of the Council's arrangements for delivering economy, efficiency and effectiveness.

We have focused our work on the significant risk that we identified in the Council's arrangements. In arriving at our conclusion, our main considerations were robustness of your Medium Term Financial Plan.

We have set out more detail on the risk we identified, the results of the work we performed, and the conclusions we drew from this work on page 20.

Significant difficulties in undertaking our work

We did not identify any significant difficulties in undertaking our work on your arrangements which we wish to draw to your attention.

Significant matters discussed with management

There were no matters where no other evidence was available or matters of such significance to our conclusion or that we required written representation from management or those charged with governance.

Overall conclusion

Based on the work we performed to address the significant risk, we are satisfied that the Council had proper arrangements for securing economy, efficiency and effectiveness in its use of resources. However, we also considered whether the significant challenges in relation to the financial statements audit also needed to be reflected in our value for money conclusion, given one of the NAO VFM criteria relates to "Unreliable and untimely financial reporting that doesn't support the delivery of strategic priorities, such as the late submission of financial statements for audit". This was considered by an independent consistency panel, who agreed with our assessment that the VFM Conclusion should not be qualified in this regard. This was principally because of the support from the Chief Executive to the Acting S.151 Officer, and of the audit process.

Value for Money

Key findings

We set out below our key findings against the significant risks we identified through our initial risk assessment and further risks identified through our ongoing review of documents.

| Significant risk | Findings | Conclusion |
|---|---|---|
| Financial sustainability How robust is the Medium Term Financial Plan (MTFP) and how well developed are savings plans? In October 2019, Cabinet received a report setting out the MTFP framework. The report highlighted that the Council had a £3m gap over the next 3 years with £0.7m to be found for 2020/21 in order to avoid using reserves to support revenue expenditure. While the Council does have sufficient reserves to cover these deficits, difficult decisions on priority and non priority areas are needed in order to avoid using reserves. We will review the MTFP which Cabinet approved in February 2020 and select a sample of savings or income generation schemes to test in order to obtain assurance that they are robust and realistic. We will monitor the progress made to identify non priority areas and to begin to disinvest in those areas. | <p>The MTFP approved by Cabinet in February 2019 showed a financial gap up to and including 2022/23 of £3.4m. By February 2020 that had improved to forecast a gap, up to and including 2023/24, of £2m. The improved financial position is largely a result of windfalls such as the Local Enterprise Partnership (LEP) contribution saving (£150k), reduced pension fund and Minimum Revenue Provision (MRP) contributions (£236k), reviewing asset lives and the capital programme (£437k) and New Homes Bonus being more than anticipated (£589k). There is little evidence so far of Members taking difficult decisions to identify and disinvest in non-priority areas. The Council has a relatively small window of opportunity to do this before it needs to start to use significant levels of reserves to balance its' budget.</p> <p>Despite this, Members are provided with regular reports as the MTFP is developed, and are thus sighted and engaged in decision making. Key assumptions used in the MTFP are reasonable.</p> <p>We reviewed some of the higher value savings or income generation schemes identified in the MTFP agreed in February 2020. These were the LEP contribution saving, lower pension fund contributions, MRP, lower insurance costs and investment income. These total £1,314k out of a total of £1,544k (85%) in the MTFP (excluding New Homes Bonus and Council Tax Surplus). With the exception of investment income we found these to be robust, realistic and clearly reported. Many are essentially "cashable" and delivered. While the investment income returns do seem reasonable and prudent it is premature to reflect these in the MTFP as savings. They ought only to be included when properties have been purchased. It could also be misleading to Members and the Public to show the investment income in the way it is – i.e. gross, with the associated interest and other costs shown elsewhere.</p> <p>The Council estimates that the financial impact of Covid-19 could amount to £2m, which is partly offset by grants totalling £1m, leaving a net deficit of £1m. The Council (with others) continues to lobby government for additional funding to cover certain specific areas, such as leisure, and more recently the National Leisure Recovery Fund was announced. Officers have been very clear in their reporting to Members of the impact this will have on the financial position.</p> | <p>As we reported last year, the Council is currently in a sound financial position, but faces a challenging future, even before the impact of Covid-19. Members and Officers need to ensure that anticipated savings and income generation schemes are delivered in order to avoid using reserves to support revenue expenditure.</p> <p>Management response</p> <p>The Council is currently reviewing its service delivery and expenditure plans to ensure that appropriate actions are taken to address the forecast budget deficits in the MTFP. This has been a period of profound uncertainty and with one year spending reviews it has been difficult for the Council to forecast government support moving forwards, for example the replacement for the new homes bonus scheme. While the Council believes that schemes will be introduced to replace these it has taken a prudent approach and reflects the ending of these schemes with no new support.</p> |

Independence and ethics

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Financial Reporting Council's Ethical Standard and confirm that we, as a firm, and each covered person, are independent and are able to express an objective opinion on the financial statements.

We confirm that we have implemented policies and procedures to meet the requirements of the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in May 2020 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

Details of fees charged are detailed in Appendix D

Audit and Non-audit services

For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Council. The following non-audit services were identified, which were charged from the beginning of the financial year to January 2021, as well as the threats to our independence and safeguards that have been applied to mitigate these threats.

| | Fees £ | Threats identified | Safeguards |
|--|--------|---|--|
| Audit related | | | |
| Certification of Housing Benefit subsidy claim | 12,500 | Self-Interest (because this is a recurring fee) | The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £12,500 in comparison to the total fee for the audit of £44,734 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level. |

Non-audit related - None

Action plan

We have identified five recommendations for the Council as a result of issues identified during the course of our audit. We have agreed our recommendations with management and we will report on progress on these recommendations during the course of the 2020/21 audit. The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

| Assessment | Issue and risk | Recommendations |
|----------------------------|---|---|
| <p>High</p> <p>Page 78</p> | <p>Statement of Accounts production</p> <p>The Council did not publish pre-audit financial statements until 18 September, nearly three weeks after the deadline. With the Covid-19 pandemic ongoing it appears increasingly likely that the production of the 2021/22 financial statements will be impacted.</p> | <p>Recommendation</p> <p>The Finance Team needs to ensure that robust arrangements are put in place to ensure that the financial statements are produced by the deadline, and that more time is available for review of the financial statements before they are published to reduce the number of typographical errors and amendments needed to better comply with the Code requirements.</p> <p>Management response</p> <p>The impact of Covid-19 in tandem with the launch of the new Enterprise Resource Planning system and day to day business of the Council stretched the resources of the finance team. Moving forwards management intends to increase the amount of resource available for year end tasks and processes and fully utilise the new system and as such is confident that year end will improve going forwards.</p> |
| <p>High</p> | <p>Quality of working papers and responses</p> <p>This is the third year that we have made a recommendation in relation to the quality of working papers and responses to audit questions. The quality of working papers this year has not improved. While some of this is related to the challenges of Covid-19, most of the issues relate to lack of attention to detail, superficial explanations, and providing inaccurate or incomplete information. There is a direct cost to the Council of this – both internally through engaging contractors to support the audit, and externally through additional audit fees.</p> | <p>Recommendation</p> <p>The Finance Team needs to properly address the recommendations made in previous years and to ensure that responses to audit questions are “right first time”.</p> <p>Management response</p> <p>The Council acknowledges that the quality of working papers has led to a number of difficulties this year end, as with previous year ends, for the closure of the accounts and audit process. Covid-19 has driven some of this as officers were unable to sit down with auditors to go through working papers to explain them which can often resolve issues. Aside from this an old ledger system which was not fit for purpose made date extraction hard to support sampling and robust working papers. A new system has now gone live and it is anticipated that this will improve the quality of working papers in coming years. Additional resource will also need to be deployed in this area to ensure a smooth year end process next year.</p> |

Controls

- High – Significant effect on control system
- Medium – Effect on control system
- Low – Best practice

Action plan

| Assessment | Issue and risk | Recommendations |
|---------------------------------|--|---|
| <p>● Medium</p> | <p>Fully depreciated assets</p> <p>The Fixed Asset Register shows over £5.6m of fully depreciated Vehicles, Plant & Equipment. We asked Management to consider whether these should be written out (they are no longer used) or prove they are still in existence and in use. Management have advised that they are still in use. We would therefore ask Management to reconsider their useful lives as, if the assets are fully depreciated but still in use, they would not appear to be appropriate.</p> | <p>Recommendation</p> <p>Management should reconsider the useful lives of these assets as, if the assets are fully depreciated but still in use, they would not appear to be appropriate.</p> <p>Management response</p> <p>Management will undertake a review of these assets as part of the closedown next year and determine an appropriate course of action as a result.</p> |
| <p>● Medium Page 79</p> | <p>Property, Plant and Equipment valuations</p> <p>This is a major focus of our work, and will continue to be so in 2020/21. Our work this year took an excessively long time to complete – both for auditors and officers. The amount of time needed to complete this aspect of our audit is not sustainable.</p> | <p>Recommendation</p> <p>Management needs to:</p> <ol style="list-style-type: none"> 1) Ensure previous years valuation reports are readily available. 2) Ensure that a Letter of Engagement is agreed with the valuer, clearly setting out the requirements and expectations. 3) Ensure that evidence to support the floor area of revalued buildings is retained and readily available. 4) Conduct a review of assets not revalued in year to determine whether they continue to be fairly stated. <p>Management response</p> <p>This was a particularly challenging area of the audit this year, in part due to the increased demands by the regulator. In addition to this, it was determined during the audit that the Council did not hold detailed records of assets owned. As a result the external valuer was required to supply this information such as floor areas. Moving forwards the Council will use the external valuers as a “first port of call” on all valuation and assets queries to allow for a smoother audit process rather than trying to do this internally.</p> |
| <p>● Medium</p> | <p>Annual Governance Statement</p> <p>Our work on the Annual Governance Statement identified a significant number of typographical errors, referring to the wrong Committee, not referring to the CIPFA / SOLACE requirements, and saying nothing about the “Significant Governance Issues”.</p> | <p>Recommendation</p> <p>Management needs to ensure that the Annual Governance Statement complies with the CIPFA / SOLACE requirements. In particular referring to the S.151 Officer responsibilities and ensuring that “Significant Governance Issues” are appropriately explained.</p> <p>Management response</p> <p>Management agreed with the feedback from auditors and amended accordingly and this will be reflected in future sets of accounts.</p> |

Follow up of prior year recommendations

We identified the following issues in the audit of Bromsgrove District Council's 2018/19 financial statements, which resulted in two recommendations being reported in our 2018/19 Audit Findings report. Our audit work this year indicates that the implementation of our recommendations is still to be completed.

| Assessment | Issue and risk previously communicated | Update on actions taken to address the issue |
|------------|---|---|
| X | <p>Statement of Accounts production</p> <p>Many of the changes we identified as a result of our audit were repeated from last year. It is disappointing and time consuming to have to raise the same amendments in successive years. The Council needs to ensure that the template Statement of Accounts for 2019/20 start with the final audited 2018/19 Statement.</p> <p>Recommendation</p> <p>The Finance Team needs to ensure that amendments to the structure of the Statement of Accounts for 2019/20 and the titles and headings used therein reflects the changes agreed this year.</p> <p>Management response</p> <p>The Council will ensure that in future years a greater amount of time will be allocated to quality checking at a senior level.</p> | <p>While recognising the obvious impact that the Covid-19 pandemic has had, Bromsgrove District Council was unable to publish its pre-audit accounts by the revised deadline of the end of August.</p> <p>We have not identified any issues or errors that have been repeated from the previous year.</p> |
| X | <p>Quality of working papers and responses</p> <p>We noted some improvement in the quality of the working papers initially provided to us. However, those improvements were insufficient to avoid a very high number of questions being raised. For the majority of our audit the responses we received were frequently inadequate, necessitating further questions.</p> <p>Officers need to properly address the recommendation made last year and to ensure that responses to audit questions are "Right first time".</p> <p>Recommendation</p> <p>The Finance Team needs to properly address the recommendation made last year and to ensure that responses to audit questions are "Right first time".</p> <p>Management response</p> <p>A training plan will be put in place to address improvements in working papers and responses to audit queries. This will be developed in consultation with Grant Thornton.</p> | <p>Unfortunately, this has not improved. The delays and challenges we have experienced this year are worse than in previous years. While some of this is related to the challenges of Covid-19, most of the issues relate to lack of attention to detail, superficial explanations, and providing inaccurate or incomplete information.</p> |

Assessment

- ✓ Action completed
- X Not yet addressed

Audit adjustments

We are required to report all non trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management. We will report these in our final Audit Findings Report.

Impact of adjusted misstatements

All adjusted misstatements are set out on pages 7 and 8. There were no adjustments that impacted on the key statements and the reported net expenditure for the year ending 31 March 2020.

Misclassification and disclosure changes

We have provided details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements on page 8. We have not duplicated that information here. We would recommend that Officers ensure that more time is available for review of the financial statements before they are published to reduce the number of typographical errors and amendments needed to better comply with the Code requirements.

Audit adjustments

Impact of unadjusted misstatements

The table below provides details of adjustments identified during the 2019/20 audit which have not been made within the final set of financial statements. The Audit, Standards & Governance Committee is required to approve management's proposed treatment of all items recorded within the table below:

There is one item to report. This relates to housing benefit payments to claimants, amounting to £72k, that were recorded in 2019/20, but which should be in 2020/21. Having clarified with the software provider, CIVICA, Officers have determined that to amend the housing benefit claim which is submitted to DWP would cause knock-on issues as it would not take into account any adjustments that were made within those payments (e.g. underpayment & overpayments) as these would still be classified as 2019/20. Officers therefore propose to process the changes at the beginning of 2021/22.

| Detail | Comprehensive Income and Expenditure Statement £'000 | Statement of Financial Position £' 000 | Impact on total net expenditure £'000 | Reason for not adjusting |
|--|--|--|---------------------------------------|---|
| Housing benefit payment incorrectly shown in 2019/20, rather than 2020/21: | | | | |
| • Decrease expenditure by £72k | (72) | | (72) | The amount is immaterial, and will be processed in 2020/21. |
| • Increase payments in advance by £72k | | 72 | | |
| Overall impact | (£72) | £72 | (£72) | |

Appendix D

Fees

We confirm below our final fees charged for the audit and provision of non-audit services.

| Audit fees | Proposed fee (£) | Final fee (£) |
|---|-------------------------|----------------------|
| Council Audit | £44,734 | TBC* |
| Total audit fees (excluding VAT) | £44,734 | TBC |

*The final audit fee is to be confirmed, pending discussions with Officers and PSAA regarding additional fee as a result of:

- the additional work required to resolve the very high number of questions we raised, inadequate explanations to our questions, and the number of amendments required to the Statement of Accounts (estimated £10,000); and
- the additional work and time as a result of the impact of Covid-19 (estimated £7,500).

| Non-audit fees for other services | Proposed fee (£) | Final fee (£) |
|--|-------------------------|----------------------|
| Audit Related Services: | | |
| Certification of Housing Benefit subsidy claim | £12,500 | 12,500 |
| Non- Audit Related Services - None | 0 | 0 |
| Total non-audit fees (excluding VAT) | £12,500 | £12,500 |

Audit opinion

We anticipate we will provide the Group with an unmodified audit report

Independent auditor's report to the members of Bromsgrove District Council

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Bromsgrove District Council (the 'Authority') and its subsidiary (the 'group') for the year ended 31 March 2020 which comprise the Movement in Reserves Statement for Bromsgrove District Council and Group, the Comprehensive Income and Expenditure Statement, the Group Comprehensive Income and Expenditure Statement, the Balance Sheet, the Group Balance Sheet, the Cash Flow Statement, the Group Cash Flow Statement, the Collection Fund Statement, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2019/20.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the group and of the Authority as at 31 March 2020 and of the group's expenditure and income and the Authority's expenditure and income for the year then ended;
- have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2019/20; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the group and the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the Executive Director of Finance and Resources and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the group's and Authority's future operational arrangements.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the group's and Authority's future operational arrangements. However, no audit should be expected to predict the unknown factors or all possible future implications for an authority associated with these particular events.

Audit opinion

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Executive Director of Finance and Resources' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Executive Director of Finance and Resources has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the Authority's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

In our evaluation of the Executive Director of Finance and Resources' conclusions, and in accordance with the expectation set out within the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2019/20 that the Authority's financial statements shall be prepared on a going concern basis, we considered the risks associated with the group's and Authority's operating activities, including effects arising from macro-economic uncertainties such as Covid-19 and Brexit. We analysed how those risks might affect the group's and Authority's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Authority or group will continue in operation.

Emphasis of Matter – effects of Covid-19 on the valuation of land and buildings

We draw attention to **Note 4** of the financial statements, which describes the effects of the Covid-19 pandemic on the valuation of the Authority's land and buildings as at 31 March 2020. As, disclosed in **Note 4** of the financial statements the uncertainty caused by Covid-19 has had an impact on the Council's ability to accurately value its land and buildings. The valuer that the Council has used for the exercise this year has been unable to reflect the impact of the current pandemic on land and

property values. All evidence that could be obtained reflects pre-pandemic levels and the Royal Institute of Chartered Surveyors (RICS) guidance on material uncertainty. A material valuation uncertainty was therefore disclosed in the Authority's property valuer's report. Our opinion is not modified in respect of this matter.

Other information

The Executive Director of Finance and Resources is responsible for the other information. The other information comprises the information included in the Statement of Accounts, other than the Authority and group financial statements and our auditor's report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge of the group and Authority obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other information we are required to report on by exception under the Code of Audit Practice

Under the Code of Audit Practice published by the National Audit Office on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Governance Statement does not comply with the 'delivering good governance in Local Government Framework 2016 Edition' published by CIPFA and SOLACE or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

Audit opinion

Opinion on other matter required by the Code of Audit Practice

In our opinion, based on the work undertaken in the course of the audit of the financial statements and our knowledge of the Authority gained through our work in relation to the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources, the other information published together with the financial statements in the Statement of Accounts for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

Under the Code of Audit Practice, we are required to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

We have nothing to report in respect of the above matters.

Responsibilities of the Authority, the Executive Director of Finance and Resources and Those Charged with Governance for the financial statements

As explained more fully in the Statement of Responsibilities set out on page 14, the Authority is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Executive Director of Finance and Resources. The Executive Director of Finance and Resources is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices set out in the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2019/20, for being satisfied that they give a true and fair view, and for such internal control as the Executive Director of Finance and Resources determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Executive Director of Finance and Resources is responsible for assessing the group's and the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention by government that the services provided by the Authority will no longer be provided.

The Audit, Standards and Governance Committee is Those Charged with Governance. Those charged with governance are responsible for overseeing the Authority's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Audit opinion

Report on other legal and regulatory requirements - Conclusion on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Conclusion

On the basis of our work, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in April 2020, we are satisfied that the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

Responsibilities of the Authority

The Authority is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Auditor's responsibilities for the review of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to be satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in April 2020, as to whether in all significant respects the Authority had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to be satisfied that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Report on other legal and regulatory requirements - Certificate

We certify that we have completed the audit of the financial statements of the Bromsgrove District Council in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

Use of our report

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

[Signature]

Jackson Murray, Key Audit Partner
for and on behalf of Grant Thornton UK LLP, Local Auditor

Bristol

[Date]



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Housing Benefit Subsidy Claim Audit Letter

| | | |
|---|--|---|
| Relevant Portfolio Holder | | Councillor Geoff Denaro |
| Portfolio Holder Consulted | | Yes |
| Relevant Head of Service | | Chris Forrester – Head of Finance and Customer Services |
| Report Author | Job Title: Head of Finance and Customer Services Contact email: chris.forrester@bromsgroveandredditch.gov.uk | |
| Wards Affected | | All |
| Ward Councillor(s) consulted | | No |
| Relevant Strategic Purpose(s) | | |
| Non-Key Decision | | |
| If you have any questions about this report, please contact the report author in advance of the meeting. | | |
| This report contains exempt information as defined in Paragraph(s) of Part I of Schedule 12A to the Local Government Act 1972, as amended | | |

1. **RECOMMENDATIONS**

The Committee is asked to note the grant certification letter 2019/20

2. **BACKGROUND**

3. **FINANCIAL IMPLICATIONS**

3.1 The total fee for the work is £12.5k, as per the initial agreement.

4. **LEGAL IMPLICATIONS**

4.1 Grant Thornton has a statutory responsibility to certify the claims submitted by the Council.

5. **STRATEGIC PURPOSES - IMPLICATIONS**

Relevant Strategic Purpose

5.1 External Auditors have a duty to carry out all work necessary to meet their statutory responsibilities in accordance with the Code of Audit Practice. This includes certification of grant claims.

5.2 The auditors have certified the Housing Benefit Claim for 2019/20 relating to over £12.6m of expenditure. There were a number of issues that required further testing. It is worth noting that there is no level of materiality when auditing the housing benefit claim and therefore the

Audit, Standards and Governance Committee 11th March 2021

errors can be minor in value but require further testing. The work undertaken identified that the extrapolated financial impact of the errors on the claim, which was have reported to the DWP, was relatively insignificant to the total subsidy receivable.

Climate Change Implications

5.3 None arising from this report

6. OTHER IMPLICATIONS

Equalities and Diversity Implications

6.1 None

7. RISK MANAGEMENT

7.1 As part of all audit work the auditors undertake a risk assessment to ensure that adequate controls are in place within the Council so reliance can be placed on internal systems.

8. APPENDICES and BACKGROUND PAPERS

Appendix 1 – Grant Thornton Certification Letter 2019/20

9. REPORT SIGN OFF

| Department | Name and Job Title | Date |
|---|---|---------|
| Portfolio Holder | Councillor Geoff Denaro | Various |
| Lead Director / Head of Service | Chris Forrester Head of Finance and Customer Services | Various |
| Financial Services | Chris Forrester Head of Finance and Customer Services | Various |
| Legal Services | Claire Felton | Various |
| Policy Team (if equalities implications apply) | NA | |
| Climate Change Officer (if climate change implications apply) | NA | |

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Chris Forrester
Head of Finance & Customer Services
Bromsgrove District Council
Parkside
Market Street
Bromsgrove
Worcestershire
B61 8DA

Grant Thornton UK LLP
2 Glass Wharf
Bristol
BS2 0EL
T +44 (0)117 305 7600

24 February 2021

Dear Chris

Certification work for Bromsgrove District Council for year ended 31 March 2020

We have been appointed by the Council to certify the Housing Benefit subsidy claim submitted by Bromsgrove District Council ('the Council'). This certification typically takes place six to nine months after the claim period and represents a final but important part of the process to confirm the Council's entitlement to funding. Because of the ongoing impact of Covid-19, for 2019/20 the Department for Work and Pensions (DWP) extended the deadline for completion of this work to 31 January 2021. We certified our work, sending the required documentation to DWP, on 28 January 2021.

We have certified the Housing Benefit subsidy claim for the financial year 2019/20 relating to subsidy claimed of £12.6 million. Further details are set out in Appendix A.

We identified a number of issues from our certification work which we wish to highlight for your attention.

There were six lots of additional testing arising from errors found in the previous year. These related to the incorrect input of earnings and rent and uplift of the State Retirement Pension. Our testing of an additional 240 cases identified 15 errors.

Our initial testing of 27 cases identified two errors. However, further work was not required as the errors were all covered in the additional testing arising from the prior year errors.

The extrapolated financial impact on the claim, which we have reported to the DWP, was relatively insignificant to the total subsidy receivable.

We reported our findings to the DWP. The DWP may require the Council to undertake further work or provide assurances on the errors we have identified.

We are not proposing to vary the fee from the £12,500 agreed.

Yours sincerely



Grant Thornton UK LLP

Appendix A

Findings from certification of housing benefits subsidy claim

Workbook completion

DWP provides workbooks to all audit suppliers to complete in order to ensure consistency and high quality in documentation. Many councils now complete these workbooks using Quality Assessment Officers or Supervisors who have not initially been involved in assessing claims. Auditors then re-perform some of the work which officers have completed. This reduces the cost of the work compared to auditors doing it all, and also gives officers better information on any training needs or quality issues regarding the initial claim assessments.

We are pleased to report that, this year, as in previous years, we agreed with all of the judgements and conclusions made by officers and did not need to extend our testing.

Amount of testing and errors found

The table below shows the number of cases tested and the number of errors found in recent years.

| Year | Cases tested | Errors found | % error rate |
|---------|--------------|--------------|--------------|
| 2014-15 | 180 | 11 | 6 |
| 2015-16 | 160 | 12 | 8 |
| 2016-17 | 209 | 16 | 8 |
| 2017-18 | 100 | 9 | 9 |
| 2018-19 | 140 | 21 | 15 |
| 2019-20 | 267** | 17** | 6 |

** 40 cases and 4 errors relate to additional work requested by the DWP in relation to 2018/19.

The errors found relate to the incorrect input of earnings, incorrect input of rent, and incorrect uplift of the State Retirement Pension. There were no errors in the testing for incorrect classification of overpayments or missing Child Benefit and Child Tax Credits. Consequently, three of the six areas of additional testing are now “closed”.

Other items reported to DWP

In our 2018/19 letter to the DWP errors were reported where the State Retirement Pension income uplift was incorrectly applied. The Council has run a report provided by the software supplier to fix these 2018/19 errors, posting the corrections in to the 2019/20 year. This process has been reviewed and judgemental sampling carried out. This work was completed in line with the DWP request letter to the Council dated 12th February 2020. No issues were identified from the sample tested.

A review of the payment reports showed that there was a payment for rent allowance on 2nd April 2020 for £71,918.92 included in the claim form for the year ended 31 March 2020 which also included expenditure relating to the year ended 31 March 2021. Guidance states where a payment is made for a period which bridges two financial years subsidy should be claimed in the year in which the payment is made. On this basis this £71,918.92 expenditure should not have been included in the 2019/20 form. This means that Cell 094 is overstated by £71,928.92 with the classification cells below Cell 094 being overstated by a total of £71,918.92. DWP have subsequently written to the Council asking for additional work to be conducted in this area. The Council has responded positively to the DWP request, and intends to have completed the additional work by April 2021.

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

Date: 11th March 2021

THE INTERNAL AUDIT PROGRESS REPORT OF THE HEAD OF THE INTERNAL AUDIT SHARED SERVICE ~ WORCESTERSHIRE INTERNAL AUDIT SHARED SERVICE.

| | |
|---------------------------------|--|
| Relevant Portfolio Holder | Councillor Geoff Denaro |
| Portfolio Holder Consulted | Yes |
| Relevant Head of Service | Chris Forrester, Finance and Customer Services |
| Ward(s) Affected | All Wards |
| Ward Councillor(s) Consulted | No |
| Key Decision / Non-Key Decision | Non-Key Decision |

1. SUMMARY OF PROPOSALS

- 1.1 To present:
- the monitoring report of internal audit work for 2020/21.

2. RECOMMENDATIONS

- 2.1 **The Committee is asked to note the report.**

3. KEY ISSUES

Financial Implications

- 3.1 There are no direct financial implications arising out of this report.

Legal Implications

- 3.2 The Council is required under Regulation 6 of the Accounts and Audit Regulations 2018 to “maintain in accordance with proper practices an adequate and effective system of internal audit of its accounting records and of its system of internal control”.

Service / Operational Implications

- 3.3 The involvement of Members in progress monitoring is considered an important facet of good corporate governance, contributing to the internal control assurance given in the Council’s Annual Governance Statement.
- 3.4 This section of the report provides commentary on Internal Audit’s performance for the period 01st April 2020 to 31st January 2021 against the performance indicators agreed for the service.

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

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3.5 Summary Dashboard:

| | |
|---|-----------------------------|
| Total reviews planned for 2020/21(originally): | 13 (minimum) |
| Reviews finalised to date for 2020/21: | 5 (including DFG's) |
| Assurance of 'moderate' or below: | 3 |
| Reviews currently awaiting final sign off: | 4 |
| Reviews ongoing: | 4 |
| Reviews to be completed (Q4): | 1 (WRS to run into 2021/22) |
| Number of 'High' Priority recommendations reported to date: | 1 |
| Satisfied 'High' priority recommendations to date: | 0 |
| Productivity: | 70% (against targeted 74%) |
| Overall plan delivery to date: | 56% (against target >90%) |

Since the last sitting of the Committee two reports have been finalised and four reviews are awaiting final management sign off.

Follow Up reports that have been finalised since the last Committee sitting are reported in Appendix 4.

All 'limited' assurance reviews go before CMT for full consideration.

3.6 2020/21 AUDITS ONGOING AS AT 31st JANUARY 2021

One review was considered before CMT and is now awaiting management sign off:

- Use of Agency and Consultants

Two reviews that have been finalised since the last Committee sitting include and are reported in full at Appendix 3:

- Treasury Management
- Debtors

Three reviews awaiting management sign off include:

- Council Tax
- National Non-Domestic Rates
- Benefits

One audit progressing through clearance stage is:

- Health and Safety

Audits progressing through testing stage include:

- Creditors
- Main Ledger
- Risk Management

The outcomes of the above reviews will be reported to Committee in due course when they have been completed and management have confirmed an action plan.

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A rolling testing programme results that have been continuing during quarters 2 and 3 are being amalgamated as at the end of quarter 3 and formal audit reports issued during quarter 4, e.g. Debtors.

The 2020/21 plan reflects the delayed start and certain lesser risk reviews will need to be rolled to next years plan. Priority continues to be given to potentially higher risk areas e.g. limited assurance audits. As we return to the new normal the impact of restrictions of the COVID-19 lockdown on the plan has been be closely managed as the year has progressed. The plan for 2020/21 has remained very flexible and the core financial areas of the business are currently being reviewed and reported on. With progress set to continue the Head of Internal Audit will consider the output to provide an overall opinion at year end. Committee will continue to be regularly informed of developments throughout the year and any variations to the plan have been be overseen by the Head of Finance and Customer Services and s151 Officer.

Critical review audits are designed to add value to an evolving Service area. Depending on the transformation that a Service is experiencing at the time of a scheduled review a decision is made in regards to the audit approach. Where there is significant change taking place due to transformation, restructuring, significant legislative update, or a comparison required a critical review approach will be used. To assist the service area to move forwards challenge areas will be identified using audit review techniques. The percentage of critical reviews will be confirmed as part of the overall outturn figure for the audit programme. The outturn from the reviews will be reported in summary format as part of the regular reporting as indicated at 3.5 above.

Internal Audit are now considering any new processes emerging from the extraordinary working arrangements that have been necessary to continue to provide the Bromsgrove residents with services both now and throughout the pandemic. Plan flexibility will continue to be required to include and provide assurance on these emerging areas. An additional area of work identified since January 2021 is with Worcester Regulatory Services and this is set to start in March and continue into the new municipal year. The review will be classed as a 2021/22 audit but work will commence during this financial year.

Follow up reviews are an integral part of the audit process. There is a rolling programme of review that is undertaken to ensure that there is progress with the implementation of the agreed action plans. The outcomes of the follow up reviews are reported in full, where applicable, so the general direction of travel and the risk exposure can be considered by Committee. An escalation process involving CMT and SMT is in place to ensure more effective use of resource regarding follow up with the aim to reduce the number of revisits necessary to confirm the recommendations have been satisfied. There are no material exceptions to report currently.

3.7 AUDIT DAYS

Appendix 1 shows that progress continues to be made towards delivering the Internal Audit Plan and achieving the revised targets set for the year. As at 31st January 2021 a total of 129 days had been delivered against a revised target of 188 days for 2020/21.

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

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Appendix 2 shows the performance indicators for the service. These indicators were agreed by the Audit, Standards and Governance Committee on the 5th March 2020 for 2020/21.

Appendix 3 provides copies of the reports that have been completed and final reports issued since the last sitting of Committee.

Appendix 4 provides the Committee with 'Follow Up' reports that have been undertaken to monitor audit recommendation implementation progress by management.

Appendix 5 provides an overview of the Quality Assurance Improvement Plan.

3.8 OTHER KEY AUDIT WORK

Much internal audit work is carried out "behind the scenes" but is not always the subject of a formal report. Productive audit time is accurately recorded against the service or function as appropriate. Examples include:

- Governance for example assisting with the Annual Government Statement
- Risk management
- Transformation review providing support as a critical review
- Dissemination of information regarding potential fraud cases likely to affect the Council
- Drawing managers' attention to specific audit or risk issues
- Audit advice and commentary
- Internal audit recommendations: follow up review to analyse progress
- Day to day audit support and advice for example control implications, etc.
- Networking with audit colleagues in other Councils on professional points of practice
- National Fraud Initiative coordination of uploads.
- Investigations

3.9 National Fraud Initiative

NFI data set uploads have been ongoing from the beginning of October for Bromsgrove District Council regarding the 2020/21 NFI national exercise. The first phase of data set uploading continued until the end of December 2020. Reasonable progress had been made regarding the data set uploads with the majority completed before the deadline. As at the 31st December 2020 there remained outstanding data set uploads for the Creditors history and standing data. For late uploads there is the potential for the NFI to apply a penalty fee of 5% of the annual fee. Confirmation was received in January that it would be unjust for the NFI to levy such a fine with everything that Local Authorities have been expected to deal with over the past year. Electoral registration, Single Person Discount and Business Grant data sets have also been uploaded during January before the January 31st deadline. WIASS will continue to provide advice and assistance regarding the process.

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3.10 **Monitoring**

To ensure the ongoing delivery of the 2020/21 plan and any revision required there is close and continual monitoring of the plan delivery, forecasted requirements of resource – v – actual delivery, and where necessary, additional resource will be secured to assist with the overall Service demands. The Head of Internal Audit Shared Service remains confident his team will be able to provide the required coverage for the year over the authority's core financial systems, as well as the revised plan for other systems which have been deemed to be 'high' and 'medium' risk. Due to changing circumstances and the impact of the COVID-19 pandemic a variation in the plan has been necessary. This has been agreed on a risk priority basis with the s151 Officer as the year has progressed. With the adjustments to the plan there will remain reasonable audit coverage for 2020/21.

3.11 **Quality Assurance Improvement Plan**

3.12 WIASS delivers the audit programme in conformance with the International Standards for the Professional Practice of Internal Auditing (ISPPA) as published by the Institute of Internal Auditors. A self-assessment took place in August 2020 to identify potential areas for improvement and a programme of improvement was agreed before the Client Officer Group in September 2020. Action to date is reported for information at Appendix 5.

3.13 **Customer / Equalities and Diversity Implications**

There are no implications arising out of this report.

3.14 WIASS is committed to providing an audit function which conforms to the Public Sector Internal Audit Standards (as amended). WIASS recognise there are other review functions providing other sources of assurance (both internally and externally) over aspects of the Council's operations. Where possible we will seek to place reliance on such work thus reducing the internal audit coverage as required.

3.15 WIASS confirms it acts independently in its role and provision of internal audit.

4. RISK MANAGEMENT

The main risks associated with the details included in this report are:

- failure to complete the planned programme of audit work for the financial year; and,
- the continuous provision of an internal audit service is not maintained.

5. APPENDICES

Appendix 1 ~ Internal Audit Plan delivery 2020/21

Appendix 2 ~ Plan position and key performance indicators 2020/21

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

Date: 11th March 2021

Appendix 3 ~ Finalised audit reports including definitions
Appendix 4 ~ Finalised 'follow-up' reports.
Appendix 5 ~ Quality Assurance Improvement Plan

6. BACKGROUND PAPERS

Individual internal audit reports are held by Internal Audit.

7. KEY

N/a

AUTHOR OF REPORT

Name: Andy Bromage
Head of Internal Audit Shared Service,
Worcestershire Internal Audit Shared Service
Tel: 01905 722051
E Mail: andy.bromage@worcester.gov.uk

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

Date: 11th March 2021

APPENDIX 1

Delivery against Internal Audit Plan for 2020/21 1st April 2020 to 31st January 2021

| Audit Area | Original 2020/21 Total Planned Days | Forecasted days to the 31 st March 2021 | Actual Days Used to the 31 st January 2021 |
|--|---|---|---|
| Core Financial Systems (see note 1) | 60 | 60 | 49 |
| Corporate Audits | 66 | *36 | 31 |
| Other Systems Audits (see note 2) | 68 | *56 | 25 |
| SUB TOTAL | 194 | 152 | 105 |
| Audit Management Meetings | 15 | 15 | 12 |
| Corporate Meetings / Reading | 5 | 5 | 5 |
| Annual Plans, Reports and Committee Support | 16 | 16 | 7 |
| Other chargeable (see note 3) | | | |
| SUB TOTAL | 36 | 36 | 24 |
| TOTAL | 230 | 188 | 129 |

Notes:

Audit days used are rounded to the nearest whole.

Note 1: Core Financial Systems are audited predominantly in quarters 3 and 4 in order to maximise the assurance provided for Annual Governance Statement and Statement of Accounts but not interfere with year end. A rolling programme has also been introduced for Debtors and Creditors to maximise coverage and sample size. The results will be reported during Q4.

Note 2: A number of the budgets in this section are 'on demand' (e.g. consultancy, investigations) so the demand can fluctuate throughout the quarters.

Note 3: 'Other chargeable' days equate to times where there has been, for example, significant disruption to the IT provision resulting in lost productivity.

* Where the forecasted days are less than the planned days for the year this reflects the adjustments that have been made to the plan during the year.

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

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APPENDIX 2

Audit Plan Position as at the 31st January 2021

| Audit Area | Planned days 2020/21 | Proposed Review | Current Position and indicative delivery date | | Assurance |
|--|----------------------|-------------------------|---|-------|-------------|
| Accountancy & Finance Systems | | | | | |
| Debtors | 9 | Full | Finalised 8 th February 2021 | Q3/4 | Significant |
| Main Ledger/Budget monitoring/bank rec | 10 | Full | Testing underway | Q4 | |
| Creditors | 9 | Full | Testing underway | Q3/4 | |
| Treasury Management | 6 | Full | Finalised 8 th February 2021 | Q3 | Moderate |
| Council Tax | 8 | Full | Draft Report - Awaiting Mngt Response | Q3/4 | |
| Benefits | 10 | Full | Draft Report - Awaiting Mngt Response | Q3/4 | |
| NNDR | 8 | Full | Draft Report - Awaiting Mngt Response | Q3/4 | |
| SUB TOTAL | 60 | | | | |
| Corporate | | | | | |
| IT | 8 | Full | To commence 21/22 | Q4 | |
| Risk Management | 6 | Critical Friend Support | Planning/Testing prep | Q4 | |
| Health and Safety | 7 | Limited Focus | Clearance Meeting | Q1/ 2 | |
| Procurement | 8 | Full | To commence 21/22 | Q4 | |
| GDPR | 8 | Limited Focus | To commence 21/22 | Q4 | |
| Orb | 9 | Full | Finalised 27 th August 2020 | Q1 | Moderate |
| Use of Agency & Consultants | 9 | Critical Friend | Draft Report - Awaiting Mngt Response | Q2 | |
| Projects | 11 | Critical Friend | To commence 21/22 | Q4 | |
| SUB TOTAL | 66 | | | | |
| System / Management Arrangements | | | | | |
| Refuse Service Scalability | 6 | Limited Scope | To commence 21/22 | Q4 | |
| Markets | 10 | Limited Scope | Finalised 24 th November 2020 | Q2 | Moderate |
| Worcester Regulatory Services | 10 | Limited Scope | To commence 2020/21 and run into 2021/22 | Q4 | |
| Advisory and Consultancy # | 10 | Pull Down Budget | Q1 – Q4 | | N/a |
| Fraud and Investigations inc. NFI | 10 | Pull Down Budget | Q1 – Q4 | | N/a |
| Completion of prior years work | 8 | Pull Down Budget | Q1 – Q4 | | N/a |
| Report follow up | 10 | Pull Down Budget | Q1 – Q4 | | N/a |
| Statement of Internal Control | 4 | Pull Down Budget | Q1 – Q4 | | N/a |
| SUB TOTAL | 68 | | | | |

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

Date: 11th March 2021

| | | | | |
|---|------------|------------------|---------|-----|
| NOTE: # = includes DFG work undertaken on behalf of Worcestershire County Council | | | | |
| General | | | | |
| Audit Management Meetings | 15 | Pull Down Budget | Q1 – Q4 | N/a |
| Corporate Meetings/Reading | 5 | Pull Down Budget | Q1 – Q4 | N/a |
| Reports, Annual Plans and Committee Support | 16 | Pull Down Budget | Q1 – Q4 | N/a |
| SUB TOTAL | 36 | | | |
| PLAN TOTAL | 230 | | | |

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

Date: 11th March 2021

Performance against Key Performance Indicators 2020-2021

The success or otherwise of the Internal Audit Shared Service will be measured against some of the following key performance indicators for 2020/21. Other key performance indicators link to overall governance requirements of Bromsgrove District Council e.g. KPI 4. The position will be reported on a cumulative basis throughout the year.

| | KPI | Trend/Target requirement | 2020/21 Position (as at 31 st January 2021) | Trend Since last Reporting | Frequency of Reporting |
|-------------------------|--|---|--|----------------------------|------------------------------|
| Operational | | | | | |
| 1 | No. of audits achieved during the year | Per target | Target = Original Minimum 13 Delivered = 5 (further 4 @ Sign off) | ↑ | When Audit Committee convene |
| 2 | Percentage of Plan delivered | >90% of agreed annual plan | 56% | ↑ | When Audit Committee convene |
| 3 | Service productivity | Positive direction year on year (Annual target 74%) | 70% (Q2 average 63%) (Q1 average 50%) | ↔ | When Audit Committee convene |
| Monitoring & Governance | | | | | |
| 4 | No. of 'high' priority recommendations | Downward (minimal) | 1 (2019/20 = 9) | ↔ | When Audit Committee convene |
| 5 | No. of moderate or below assurances | Downward (minimal) | 3 (2019/20 = 7) | ↑ | When Audit Committee convene |
| 6 | 'Follow Up' results | Management action plan implementation date exceeded (nil) | Nil to report | ↔ | When Audit Committee convene |
| Customer Satisfaction | | | | | |
| 7 | No. of customers who assess the service as 'excellent' | Upward(increasing) | 4 issued. 2 returned: 1x Excellent 1x Good | ↑ | When Audit Committee convene |

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

APPENDIX 3

2020/21 Audit Reports.

Worcestershire Internal Audit Shared Service



Bromsgrove
District Council
www.bromsgrove.gov.uk

Final Internal Audit Report

Treasury Management 2020/21

8th February 2021

Distribution:

To: Head of Financial and Customer Services and Acting Executive Director Finance and Resources (Section 151 Officer)

Cc: Chief Executive
Deputy Chief Executive

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

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1. Introduction

The audit of Treasury Management was carried out in accordance with the Worcestershire Internal Audit Shared Service Audit Plan for Bromsgrove District Council as approved by the Audit, Standards and Governance Committee on 5th March 2020. The audit was a risk-based systems audit of Treasury Management as operated by Bromsgrove District Council.

- 1.1. This area of review is a back-office function and therefore underpins all the Strategic Purposes.
- 1.2. The following Service risks were relevant to this review:
 - FIN2 – Poor treasury management.
- 1.3. This review was undertaken during the month(s) of October, November and December 2020.

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

2. Audit Scope and objective

- 2.1. This review was undertaken to provide assurance on the processes surrounding the Treasury Management System to ensure that controls and risk management arrangements are in place and working to mitigate the risks known to exist within any Treasury Management system/process.
- 2.2. The scope covered:
- That the Council has in place Treasury Management procedures and Strategy in line with the Prudential Code guidance and comply with these
 - Acquisitions of assets/property investments comply with policies/strategy and there is transparency
 - Borrowings and investments
 - Treasury reconciliations
 - Cash flow management
 - System security
 - Awareness of the impact of Covid-19 in relation to Cashflow
 - Follow up on the 2019/20 Audit report recommendations.
- 2.3. This review covered the period from April 2020 to the date of the audit.

3. Audit Opinion and Executive Summary

- 3.1. From the audit work carried out we have given an opinion of **moderate assurance** over the control environment in this area. The level of assurance has been calculated using a methodology that is applied to all Worcestershire Internal Audit Shared Service audits and has been defined in the "Definition of Audit Opinion Levels of Assurance" table in Appendix A. However, it should be noted that statements of assurance levels are based on information provided at the time of the audit.
- 3.2. We have given an opinion of **moderate assurance** in this area because the system of control is generally sound however some of the expected controls are not in place and are not operating effectively therefore increasing the risk that the system will not meet its objectives. Assurance can only be given over the effectiveness of controls within some areas of the system.

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

3.3. The review found the following areas of the system were working well:

- Cashflow management
- Cashflow forecasting during the pandemic.
- Treasury Management process, resilience and continuity.
- Monitoring and authorisation of Regeneration Investments
- Access rights to the system once a leaver has left the organisation.
- There is a sound audit trail on IdealTrade.

3.4 The review found the following areas of the system where controls could be strengthened:

| | Priority (see Appendix B) | Section 4 Recommendation number |
|---|--------------------------------------|--|
| Treasury Members Training | Medium | 1 |
| Treasury Management / Capital and Investment Strategies Reporting to Members. | Medium | 2 |
| Reconciliation and Borrowing Sign off | Medium | 3 |

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

4. Detailed Findings and Recommendations

The issues identified during the audit have been set out in the table below along with the related risks, recommendations, management responses and action plan. The issues identified have been prioritised according to their significance / severity. The definitions for high, medium and low priority are set out in the “Definition of Priority of Recommendations” table in Appendix B.

| Ref. | Priority | Finding | Risk | Recommendation | Management Response and Action Plan |
|---|----------|---|---|---|---|
| Issues brought forward from previous audit | | | | | |
| 1 | M | <p>Treasury Members Training</p> <p>During testing it was ascertained Members of Bromsgrove District Council elected in May 2019 had not been offered treasury management training by an accredited provider.</p> <p>Due to Covid-19 this training was not possible to complete.</p> | <p>The council may be open to unacceptable risks that could have been mitigated by the implementation of additional controls.</p> | <p>Training is offered to those Members newly appointed to relevant Committees as soon as practical with an accredited provider to allow members to be further informed when making decisions on the strategy and procedures relating to treasury management.</p> | <p>Responsible Manager: Head of Finance and Customer Services</p> <p>Agreed a session will be booked in as soon as practicable</p> <p>Implementation date: As soon as practical after the end of the current pandemic.</p> |
| New matters arising | | | | | |
| 2 | M | <p>Treasury Management/ Capital and Investment Strategies Reporting to Members</p> <p>Although there are Treasury Management/ Capital and</p> | <p>Loss of public fund if risky investments are made leading</p> | <p>An annual update of strategy and procedure is reported</p> | <p>Action Taken During the Audit: Management were informed of</p> |

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

| | | | | | |
|---|---|---|---|--|--|
| | | Investment Strategies for Bromsgrove District Council these have not been reported to Members. | to reputational risk and challenge if the process is not transparent and the public purse is not protected. | before Members in line with the Prudential Code. | this prior to the official report being issued. Internal Audit can now confirm that this has been actioned and the reports were presented to Cabinet on 25 th November 2020. |
| 3 | M | <p>Reconciliation and Borrowing sign off</p> <p>The Treasury Management is undertaken by several officers on a day to day basis and although there is an authorisation of transfer of funds on investments there is no formally established authorisation of borrowings. A discussion does take place with the Head of Finance and Customer Services, and there is a period of grace whereby an agreement to borrow can be cancelled but there is no formal record of the decision made, and reconciliations although undertaken are not signed off by Management except at the year end.</p> <p>Therefore, there is no official monitoring to ensure that monies that should have been received are received.</p> | Risk of financial loss if borrowings are agreed when they are not required, or the interest rate is not a good deal for the Council | <p>As a minimum and to ensure that the process does not suffer undue delay the reconciliation should be reviewed and signed off by Management on a quarterly basis as part of the quarterly reporting to Members.</p> <p>This will ensure that all monies that should have been received have been</p> | <p>Responsible Manager: Head of Finance and Customer Services</p> <p>Agreed, this is a sensible suggestion</p> <p>Implementation date: By end of Feb 2021</p> |

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

5. Independence and Ethics:

- WIASS confirms that in relation to this review there were no significant facts or matters that impacted on our independence as Internal Auditors that we are required to report.
- WIASS conforms to the Institute of Internal Auditors Public Sector Internal Audit Standards as amended and confirms that we are independent and able to express an objective opinion in relation to this review.
- WIASS confirm that policies and procedures have been implemented in order to meet the IIA Ethical Standards.
- Prior to and at the time of the audit no non-audit or audit related services have been undertaken for the Council within this area of review.

Head of Internal Audit Shared Services

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

Worcestershire Internal Audit Shared Service



Bromsgrove
District Council
www.bromsgrove.gov.uk

Final Internal Audit Report

Sundry Debtors 2020/21

8th February 2021

Distribution:

To: Head of Finance and Customer Services (Interim Executive Director of Finance and Resources and S151 Officer
Financial Support Manager

Cc: Chief Executive
Deputy Chief Executive

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

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1. Introduction

- 1.1. The audit of the Sundry Debtors System was carried out in accordance with the Worcestershire Internal Audit Shared Service Audit Plan for Bromsgrove District Council for 2020/21 as approved by the Audit, Standards and Governance Committee on 5th March 2020. The audit was a risk-based systems audit of the Sundry Debtors System as operated by Bromsgrove Council.
- 1.2. This area of review is a back-office function and therefore underpins the Strategic Purposes as it covers the collection of Sundry income.
- 1.3. There were no risks on the Corporate or Service risk register that were relevant to this review.
- 1.4. There is a risk of fraud with the possibility of Teeming and lading or the mis use of credit notes if controls are not in place and working effectively.
- 1.5. This review was undertaken during the months of November and December 2020.

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

2. Audit Scope and objective

2.1 The audit sought to provide assurance on the processes surrounding the Efin debtor system to ensure that controls and risk management arrangements are in place and working to mitigate the risks known to exist within any debtor system/process.

2.2 The scope covered:

- Policies and procedures are implemented and adhered to
- Raising of invoices (raised and recorded promptly and accurately)
- Application of approved fees and charges
- VAT is accurately calculated and applied
- Income is posted correct and promptly
- Recovery action write offs, aged debt analysis and bad debt provision
- Debtor reconciliation
- Follow up of the 2019/20 recommendations.

2.1. This reviewed covered the period from 1st April 2020 to 30th November 2020

2.2. This review did not cover the process for setting fees and charges or the level that they are set at.

3. Audit Opinion and Executive Summary

3.1. From the audit work carried out we have given an opinion of **significant assurance** over the control environment in this area. The level of assurance has been calculated using a methodology that is applied to all Worcestershire Internal Audit Shared Service audits and has been defined in the "Definition of Audit Opinion Levels of Assurance" table in Appendix A. However, it should be noted that statements of assurance levels are based on information provided at the time of the audit.

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

- 3.2. We have given an opinion of **significant assurance** in this area because there is a generally sound system of internal control in place but our testing has identified isolated weaknesses such as aged debts reports, tidy up and the ability to create duplicate debtors accounts that do not pose a major risk but where processes could be strengthened with the advent of the new finance system.
- 3.3. The current Financial System does allow duplicated debtors accounts to be set up and tidy up exercises are carried out on an ad hoc basis however the data within the current system is being cleansed before it is migrated to the new system.
- 3.4. The review found the following areas of the system were working well:
- Policies and procedures are adhered to
 - Invoices are raised in a timely manner and Income is promptly posted to the debtors' ledger
 - Bad Debts are authorised prior to being written off and all efforts are made to recover the debt prior to it being considered for write off.
 - There is a year-end reconciliation between the debtors' and the main ledger system.
 - Invoices were raised in line with approved fees and charges
- 3.5. It should be noted that at the time of the audit the new finance system was still in the process of being implemented therefore the assurance is only given over the process on the current system. Within the current process Aged Debts reports are only issued when requested by Services. However, with the requirement for budget savings enhanced by the pandemic it is important that the Council receives payments for services provided. Therefore resources should be reviewed to see what efficiencies have been gained from the implementation of the new system to see if aged debts reports could be issued to services on a monthly basis in order for them to review the debts owed and if consideration should be given to suspension of service although depending on the service provided it is acknowledged that this will not always be possible.

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

4. Detailed Findings and Recommendations

The issues identified during the audit have been set out in the table below along with the related risks, recommendations, management responses and action plan. The issues identified have been prioritised according to their significance / severity. The definitions for high, medium and low priority are set out in the “Definition of Priority of Recommendations” table in Appendix B.

| Ref. | Priority | Finding | Risk | Recommendation | Management Response and Action Plan |
|--|-----------------|----------------|-------------|-----------------------|--|
| Issues brought forward from previous audit | | | | | |
| There were no issues brought forward from previous audits that have not been implemented. | | | | | |
| New matters arising | | | | | |
| As this was a review of the debtors' process and a new system is being implemented there were no high risk matters arising that need consideration other than that mentioned at 3.5 above. | | | | | |

5. Independence and Ethics:

- WIASS confirms that in relation to this review there were no significant facts or matters that impacted on our independence as Internal Auditors that we are required to report.
- WIASS conforms to the Institute of Internal Auditors Public Sector Internal Audit Standards as amended and confirms that we are independent and able to express an objective opinion in relation to this review.
- WIASS confirm that policies and procedures have been implemented to meet the IIA Ethical Standards.
- Prior to and at the time of the audit no non-audit or audit related services have been undertaken for the Council within this area of review.

Head of Internal Audit Shared Services

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

Appendices A & B are indicated below and are applied to all reports. To save duplication these have been produced once, listed below for information.

APPENDIX A

Definition of Audit Opinion Levels of Assurance

| Opinion | Definition |
|------------------------------|--|
| Full Assurance | The system of internal control meets the organisation's objectives; all of the expected system controls tested are in place and are operating effectively. No specific follow up review will be undertaken; follow up will be undertaken as part of the next planned review of the system. |
| Significant Assurance | There is a generally sound system of internal control in place designed to meet the organisation's objectives. However isolated weaknesses in the design of controls or inconsistent application of controls in a small number of areas put the achievement of a limited number of system objectives at risk. Follow up of medium priority recommendations only will be undertaken after 6 months; follow up of low priority recommendations will be undertaken as part of the next planned review of the system. |
| Moderate Assurance | The system of control is generally sound however some of the expected controls are not in place and / or are not operating effectively therefore increasing the risk that the system will not meet it's objectives. Assurance can only be given over the effectiveness of controls within some areas of the system. Follow up of high and medium priority recommendations only will be undertaken after 3 to 6 months; follow up of low priority recommendations will be undertaken as part of the next planned review of the system. |
| Limited Assurance | Weaknesses in the design and / or inconsistent application of controls put the achievement of the organisation's objectives at risk in many of the areas reviewed. Assurance is limited to the few areas of the system where controls are in place and are operating effectively. Follow up of high and medium priority recommendations only will be undertaken after 3 months; follow up of low priority recommendations will be undertaken as part of the next planned review of the system. |
| No Assurance | No assurance can be given on the system of internal control as significant weaknesses in the design and / or operation of key controls could result or have resulted in failure to achieve the organisation's objectives in the area reviewed. Follow up of high and medium priority recommendations only will be undertaken after 3 months; follow up of low priority recommendations will be undertaken as part of the next planned review of the system. |

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

APPENDIX B

Definition of Priority of Recommendations

| Priority | Definition |
|-----------------|---|
| H | Control weakness that has or is likely to have a significant impact upon the achievement of key system, function or process objectives. Immediate implementation of the agreed recommendation is essential in order to provide satisfactory control of the serious risk(s) the system is exposed to. |
| M | Control weakness that has or is likely to have a medium impact upon the achievement of key system, function or process objectives. Implementation of the agreed recommendation within 3 to 6 months is important in order to provide satisfactory control of the risk(s) the system is exposed to. |
| L | Control weakness that has a low impact upon the achievement of key system, function or process objectives. Implementation of the agreed recommendation is desirable as it will improve overall control within the system. |

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

Appendix 4

FOLLOW-UP REPORTS:

'Follow-Up' work has been undertaken regarding the core financial audits as part of the audit reviews with progress being reported as part of the finalised report.

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

Appendix 5

Quality Assurance Improvement Plan.

| Action Number | Area for Action and Standards Reference | Outcome Required | Action | Lead person | Target Date for completion | Date of Completion | Latest Position |
|----------------------|--|--|---|--|-----------------------------------|---|--|
| 1 | 1000 | Updated Charter and Partner approval. | To review and update as appropriate, and present to COG and Partner Committees for approval. | Head of Internal Audit & Team Leader | Sep-21 (Annual Reports) | To commence | December 2020: To be prepared for the July/Sept 2021 Cttee cycle. |
| 2 | 1210.A1 - Training Requirements | Professional qualifications to be obtained. | Auditors to enhance their skills and qualifications through professional study e.g. IIA | Auditors | 2023/24 | Ongoing | December 2020: An Auditor is seeking Membership to IIA. |
| 3 | 2420 - Timely Completion of Review Stages | Improvement in issuing the 'Draft Report' to the agreed date as set out in the Brief. To make improvements in the monitoring of the management response after the issue of a Draft Report. | Monitor the issue of Draft Reports and the receipt of management response during the financial year taking appropriate and timely action where the target dates are stressed. | Auditors | Mar-21 | Ongoing | December 2020: Being monitored |
| 4 | 2500.A1 - Follow Up | More efficient and timely follow up regarding reported management action plans. | To review and enhance the follow up process, and monitor progress to reduce potential slippage. | Audit Team Leader | Mar-21 | Ongoing | December 2020: Being monitored and discussed as 1:2:1s |
| 5 | 2010.A1 - Annual Risk Assessments | More effective implementation of Annual Risk Assessments into the annual planning and use within | To review the current process of using the annual risk assessments and how inclusion into annual planning and audit planning can be improved. | Head of Internal Audit / Audit Team Leader | Nov-20 | Complete 30 th November 2020 | All office risk assessments have been reviewed. Risk assessments have been drafted for COVID associated office risks when visiting Partner offices. |

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

| | | | | | | | |
|--|--|--------------------|--|--|--|--|---|
| | | individual audits. | | | | | Home risk assessments have been completed. Actions identified have been completed. |
|--|--|--------------------|--|--|--|--|---|

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Bromsgrove District Council



Audit, Standards and
Governance Committee

ANNUAL REPORT

2020 / 2021



Bromsgrove
District Council

www.bromsgrove.gov.uk

CHAIRMAN'S FOREWORD

I am pleased to introduce the Audit, Standards and Governance Committee's 2020/21 Annual Report. This year has seen the continued development of the Committee and it's work in providing an independent assessment of the wide range of controls and corporate governance.

The report outlines the breadth of the work undertaken by the Audit, Standards and Governance Committee. The Committee and its members have a vital role in providing assurance both the Council, and importantly the public as to transparency, compliance and value for money. Alongside this the Committee is responsible for ensuring that improvements to the governance of the Council are being delivered and sustained.

There has been progress in the operation of the audit assurance responsibilities of the Committee. Members have sought to continue to take a proactive approach to concerns raised through our internal audit function, especially around limited assurance audits and to ensure follow through of overdue audit actions.

It is a disappointment that the accounts and audit opinion this year have been heavily delayed. In part this is due to COVID, but also due to the necessary implementation of a new financial and HR software (ERP Enterprise Resource Planning) system at the same time. The Committee have throughout sought clarity from our auditors and officers as to the reasons for the delay and the impact on the Council. The Committee also heard directly from the lead project manager on the ERP system installation and took assurance from the thorough approach being taken.

As for last year's report I would wish to give particular thanks to Councillor Van Der Plank for her contribution as Member Risk Champion. As is detailed in this report Councillor Van Der Plank has been visiting Heads of Service regarding risks associated with their service area. Councillor Van Der Plank's work has also supported discussions around COVID and pandemic response. This is Councillor Van Der Plank's final year as Risk Champion and she has certainly set a high bar for the proactivity and engagement she has had in the role. It has enabled the Committee to have important discussions and gain valuable insight around risk.

I would like to thank the 151 Officer (and to wish Jayne Pickering, as our 151 officer during most of this period, well in her new role at Wychavon DC), Monitoring Officer, our Internal and External auditors, Democratic Services and all the members of the committee for their hard work over the last year and for the continued progress that is being made as a result. I believe that the Audit, Standards and Governance Committee provides a valuable contribution to the development of standards and protocols across the Council's governance in an effective and compliant way.

Chairman
Councillor Luke Mallett

MEMBERSHIP



Luke Mallett (Chairman)



Peter Whittaker (Vice Chairman)



Sue Baxter
June 2020 – January 2021



Andrew Beaumont



Sarah Hession
June 2020– January 2021



Rachel Jenkins
January 2021 – May 2021



Janet King



Adrian Kriss



Maria Middleton
January 2021- May 2021



Caroline Spencer



Kate Van Der Plank

INTRODUCTION

This report provides an overview of the Audit, Standards and Governance Committee's activities during the municipal year 2020/21.

The ultimate responsibility for Audit rests with the Portfolio Holder with responsibility for Finance and the Section 151 Officer. The Portfolio Holder is expected to attend each meeting in line with the Constitution.

During the year the Committee has considered reports on the following subjects:

- Monitoring Officers Report – which details complaints and training which has taken place during the period between meetings.
- Model Code of Conduct.
- Updates from the external auditors, Grant Thornton in respect of their work.
- Updates on the work of the Internal Audit Team.
- Quarterly Financial Savings Monitoring Update Reports.
- Corporate Risk Register.
- Risk Management Strategy
- The Risk Champion's Update Report.
- Statement of Accounts.
- Regulation of Investigatory Powers Act 2000 (RIPA) Report.
- Health and Safety.
- Covid-19 Civil Contingencies Response.
- Benefits and Compliance Update Report 2019-2020.

Further information about some of the key responsibilities of the Committee are outlined in detail within this report.

THE ROLE OF THE AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

Scope and Responsibility

The Audit, Standards and Governance Committee provides independent assurance to the Council in respect of:

- The effectiveness of the Council's governance arrangements
- The Annual Governance Statement
- The Review of the Annual Statement of Accounts
- Risk Management Framework and strategies
- The effectiveness of the Council's financial and non-financial performance
- Anti-Fraud arrangements
- Whistle-blowing strategies
- Internal and external audit activity
- Democratic governance

The Committee is also responsible for the Council's Standards Regime which covers both District and Parish Councils. Areas encompassed within the Standards Regime include:

- Promoting High Standards of Conduct by Councillors and co-opted members of Council bodies.
- Assisting Councillors and co-opted members to observe the Members' Code of Conduct.
- Advising and training Members and co-opted members in respect of the Code of Conduct.
- Formulating advice to members and officers in declarations of gifts and hospitality.
- Granting dispensations to Councillors and co-opted members from requirements relating to interests as set out in the Code of Conduct.
- Considering reports from the Monitoring Officer following investigation into a complaint about elected Members.

Meetings of the Committee – 2020-2021

The Council's constitution requires the Audit, Standards and Governance Committee to hold quarterly meetings. Due to Covid-19 and associated lockdown the meetings for the municipal year 2020/21 were held virtually on Skype for Business and then Microsoft Teams. The meetings were held in July and November 2020 and January and March 2021. The Audit, Standards and Governance Committee work programme was reviewed at each meeting with items included as and when considered and agreed by the Committee.

STANDARDS REGIME

There are two main areas which are considered regularly in terms of the Committee's responsibility for Standards.

Monitoring Officer's Report

This covers Member Training, Member Complaints and Parish Council matters.

Due to Covid-19, training was more challenging than in previous years. However, a comprehensive training programme had taken place in the 2019-2020 municipal year due to the 2019 Elections.

In light of the need to work remotely during the pandemic, new IT equipment was rolled out to all Members in order for this to be achieved more easily and efficiently for all concerned. Training on the new equipment was provided in various formats, including face to face (with all social distancing guidelines being adhered to), online and for those Members with a good knowledge of IT the equipment was provided together with an instruction sheet and telephone number for them to ring should they have any issues.

The Constitution Review Working Group continued to review behaviours at meetings, supplementary questions and regularly reviewed the scheme of delegations. Recently the group had discussed Motions referred to Cabinet and Planning Committee Procedure Rules regarding TPOs.

Dispensation Report

There was no consideration of the Dispensation Report for the municipal year 2019-2020 as it was considered at the Audit, Standards and Governance Committee meeting held on 30th July 2019. The dispensations agreed at this meeting remain valid until the first meeting of the Audit, Governance and Standards Committee following the next District Council Elections in 2023.

Parish Council Involvement

The Parish Council representative is able to add any item on to the agenda as required and this is highlighted within the Monitoring Officer's Report. Whilst the Parish Councils have the opportunity to appoint two representatives on the Committee, as has happened in previous years, only one of these places was taken up this year.

Investigations and Enquiries

There have been a number of complaints this year at both a Parish and District level. These have all been resolved locally by the Monitoring Officer.

There have been no investigations about Members which required a Hearings Sub-Committee to be convened.

The appointed Independent Person has continued to support the Monitoring Officer where necessary.

DRAFT

INTERNAL AUDIT REPORT

During the year the Committee has continued to receive updates on the work of the Internal Audit team including details of the following completed audit reports:

- Internal Audit Progress Monitoring Report 2019/20 and 2020/21
- Internal Audit - Annual Report 2019-2020
- Internal Audit – Draft Audit Plan 2020-21
- Internal Audit Plan 2020 - 2021

EXTERNAL AUDITORS

During the year the Committee received reports from the current External Auditors, Grant Thornton on the following subjects:

- Grant Thornton Bromsgrove District Council Audit Plan Addendum – Covid-19
- (External Audit) - Interim Audit Findings Report
- Grant Thornton - Progress and Sector Report 2020/21
- Grant Thornton Annual Audit Letter 2019/2020
- Grant Thornton External Audit - Audit Findings Report
- Grant Thornton - Housing Benefit Report 2020/2021

The Progress Reports were considered at each meeting of the Committee and covered a range of issues including the following:

- Value for money
- Significant Risks
- The Changing Face of Corporate Reporting
- Financial Statements
- Housing Benefits

COVID-19 AND REMOTE MEETINGS

During the municipal year 2020-2021 the Covid-19 pandemic had a significant impact on Council operations and had inevitably caused delays in some areas. In order to mitigate the impact on Council activities, the Government temporarily removed the legal requirement for local authorities to hold public meetings in person. This meant that Councils had powers to hold public meetings virtually by using video or telephone conferencing technology. The Regulations were made in Parliament on 2nd April 2020 and applied to meetings taking place before 7th May 2021.

At the meeting of the Audit, Standards and Governance Committee held on 24th November 2020 Members were informed that the Local Government Association (LGA), the Association of Lawyers in Local Government and the Association of Democratic Services Officers (ADSO) had collectively written to the Government regarding the ability to hold remote meetings, not only until May 2021, but also to continue to hold some meetings remotely in the future. Any updates regarding this would be presented to Members once further information was received.

DRAFT

STATEMENT OF ACCOUNTS – 2019-20

To be completed once the Statement of Accounts have been considered at the meeting of 11th March 2021.

DRAFT

REMOTE MEETING PROTOCOL – 22ND JULY 2020

At the first meeting of the municipal year and, in light of the Covid-19 pandemic, a Remote Meeting Protocol was presented for Members' attention which detailed a number of key areas for both Members and officers, including the calling of meetings, access to documents, pre-arrangements, the inclusion of external participants, the role of the Chairman, etiquette when attending a virtual meeting, the meeting itself and how the debate would be run, how exempt items would be dealt with and how any technical problems would be handled.

It was highlighted to Members that Democratic Services had worked closely with the IT Team to ensure that all Members were able to access the appropriate software on their Council equipment and were confident in its operation.

In addition to this, the Protocol detailed, that in order for public meetings to run smoothly small amendments had been made to the Council's constitution, which had been agreed by all Group Leaders through the Urgent Decision process. It was clarified in the report that all Urgent Decisions that taken are available on the Council's website to ensure transparency.

In order to meet the requirements of the new legislation the Committee was informed that all public meetings would be live streamed to the Council's You Tube channel, with a link being provided on the Council's website to access these.

Members were informed that any further changes would be reported to the Committee at future meetings.

MODEL CODE OF CONDUCT – 22nd JULY 2020

The Committee was asked to consider the content of the Local Government Association's draft Model Member Code of Conduct and to determine whether to submit any comments about the Model Member Code of Conduct in the Association's consultation process. The report outlined that the Local Government Association (LGA) had undertaken a review of the Model Code of Conduct and a new Model Code of Conduct had been developed. In addition to this a consultation process had been carried out by the LGA over a period of 10 weeks. The Committee were asked to provide any comments, particularly in light of the virtual setting of the meeting and in respect of social media and online activity.

Members were in agreement that the current process might cause confusion regarding interests that needed to be declared and perhaps this was an area that needed further clarification in the future.

REGULATION OF INVESTIGATORY POWERS ACT 2000 (RIPA) – 22nd JULY 2020

Members were presented with the Regulation of Investigatory Powers Act 2000 (RIPA) report and were advised that the change in legislation in 2018 had resulted in elected Members reviewing the RIPA policy at least on an annual basis. During consideration of this report by the Committee, the Council's RIPA Policy as reviewed, was endorsed and the update on RIPA activity was noted.

GRANT THORNTON - BROMSGROVE DISTRICT COUNCIL AUDIT PLAN ADDENDUM – COVID-19 – 22ND JULY 2020

During presentation of this report the Council's external auditors, Grant Thornton, explained that Covid-19 had a significant impact on the way Councils produce their accounts. It was explained to Members that processes were different when carrying out a remote audit and that it had not been without challenges. It was reported that the audit might take longer than in previous years but that the process would commence in September 2020.

INTERNAL AUDIT - PROGRESS REPORT 2019/20 & 2020/21 – 22ND JULY 2020

The Internal Audit Progress Report 2019/20 & 2020/21 detailed that the Internal Audit work for 2019-2020 had mostly been completed prior to the Covid-19 lockdown. The Committee was informed that there had been a marked improvement on the previous year and that this reflected the controls that had been put in place following recommendations made by the Audit, Standards and Governance Committee in previous years.

It was noted that there was still an outstanding 'high priority' recommendation regarding Safeguarding and the Committee requested it be updated in order to understand what measures were being undertaken to resolve any outstanding issues at its next meeting.

SAFEGUARDING AUDIT UPDATE – 10TH SEPTMBER 2020

As was requested at the previous meeting of the Committee an update was provided to Members regarding a Safeguarding Audit which had been previously undertaken. During presentation of the report, it was clarified that several recommendations had been satisfied and that any risks were being mitigated.

The Committee was informed that tools had been adopted which provided Council-wide Safeguarding information to officers and training had been undertaken where necessary. In addition to this checking processes had been implemented where necessary and Members undertook annual Safeguarding training and this was also included as part of the induction programme.

HEALTH AND SAFETY AUDIT UPDATE – 10TH SEPTEMBER 2020

The Senior Health and Safety Advisor was welcomed to this meeting to discuss the Health and Safety update. Members were informed that there had been progress made in all areas including a review of the Health and Safety Policies, Fire-Risk Assessments, Business Continuity Planning and Health and Safety Induction Training.

RISK MANAGEMENT MONITORING GROUP -10TH SEPTEMBER 2020

During consideration of this update Members agreed that it would be useful to be presented with the Risk Register with a particular focus on Covid-19 and Brexit at a future meeting. Members also welcomed the suggestion of an update regarding the Civil Contingencies response to Covid-19 and that it would be useful to understand the Council's response at a future meeting of the Committee. This was an area that had also been highlighted in the Risk Champion's report considered at the meeting held in July 2020.

PROGRESS ON BEST PRACTICE RECOMMENDATIONS FOR AUDIT, STANDARDS AND GOVERNANCE COMMITTEES REPORT – 24th NOVEMBER 2020

As part of this report Members were informed that the Best Practice Recommendations ran in parallel with the review of the Code of Conduct which had been presented to the Committee at the meeting held in July 2020.

It was confirmed that the majority of the Best Practice Recommendations were already in place at the Council but that a proposed change was recommended regarding Arrangements for Managing Standards Complaints by the Council. Members agreed with the recommendation and a response was provided by the Principal Solicitor to the Chairman of the Committee of Standards for Public Life by the deadline of 30th November 2020.

The Parish Council representative, although not present at this meeting, had requested that a question regarding the dissemination of information in respect of the Model Code of Conduct to Parish Councils be raised in his absence. It was discussed that at this point in the process it was too early to disseminate information to Parish Councils in respect of the Model Code of Conduct due to the processing of the consultation responses and because certain recommendations of the Committee for Standards in Public life required legislative changes.

Members were informed that further reports would be brought to Members as the development of the new code progressed.

COVID-19 CIVIL CONTINGENCIES RESPONSE – 24TH NOVEMBER 2020

At the meeting of the Committee that took place on 10th September 2020 it had been agreed that a presentation be provided regarding the Council's response to Covid-

19. In order to present Members with a report the North Worcestershire Civil Contingencies and Resilience Manager was invited to this meeting.

During the presentation Members were advised that a debrief exercise had been carried out at the end of the first national lockdown as a statutory duty under the Civil Contingencies Act (2004). The response had been provided to the Corporate Management Team (CMT) in August 2020.

As a result of the debrief, eighteen recommendations had been made, all of which had been accepted by the Chief Executive. It was reported that all of the recommendations, except for one, had been undertaken by the Council within six weeks and that the outstanding recommendation was concerned with data sharing and would be ongoing and monitored closely.

Members were encouraged by the work that had been carried out and that the Council was in a very strong position due to the Business Continuity Planning that had been undertaken during the pandemic.

GRANT THORNTON - PROGRESS AND SECTOR REPORT- 24TH NOVEMBER 2020

At this meeting it was reported by Grant Thornton that there had been a delay due to the challenges faced by carrying out the audit remotely and that Covid-19 had inevitably had an impact on the time it had taken to carry out the audit.

The report also highlighted the following:

- The deadline for the Council's Annual Housing Benefit Subsidy claim certificate had been delayed by the Department of Work and Pensions (DWP) to 31st January 2021.
- Extra resources had been provided in order to complete the audit and the preparation of the final accounts.
- Any impact on fees charged for the audit would be reported to Members in the Annual Audit Letter
- The Enterprise Resource System (ERP) would be live by the end of January 2021 after robust testing and training had taken place.

INTERNAL AUDIT – MONITORING REPORT – 24TH NOVEMBER 2020

It was reported to Members during this Monitoring Report that the Internal Audit Plan was progressing, and that the quality of audit work carried out remained high. Areas of risk were still being monitored closely by the Internal Audit Team including targeting areas that previously had Limited Assurances and Discretionary Business Grants.

It was noted that an Improvement Plan was to be included in all updates provided to the Committee in future to ensure that the service continued to evolve.

RISK REGISTER – COVID-10 AND BREXIT – 24TH NOVEMBER 2020

At the previous meeting of the Committee, it was agreed that Brexit and Covid-19 be included in any Risk Register Updates. During the first of these updates to following was highlighted for Members:

- Brexit was highlighted on the Risk Register due to the potential impact on businesses, supply chains and loss of income streams to the Council.
- Recovery and Restoration plans were being implemented across the District.
- The Joint Corporate Health, Safety and Welfare Committee met regularly, and risk assessments were carried out to ensure that the Council was compliant with Health and Safety regulations.

GRANT THORNTON - INTERIM AUDIT FINDINGS REPORT – 21ST JANUARY 2021

It had been hoped that the final version of the Audit would be presented at the meeting, however unfortunately there had been a delay and Members were presented with an interim report.

Regarding the outstanding areas of the Audit, it was clarified that some of the gaps were as a result of increased audit expectations from the National Audit Office and that information regarding floor areas for example, had never been requested before and therefore it had taken longer to provide.

In addition to the increased audit expectations, the finance systems were archaic and cumbersome, and it was hoped that the implementation of the ERP system in January 2021 would resolve this in the future.

BENEFITS AND COMPLIANCE UPDATE REPORT 2019-2020 – 21ST JANUARY 2021

The Benefits and Compliance report is an annual report that provided to the Committee and outlined the work that was undertaken by the Compliance Team including:

- Investigation of Council Tax Support claims
- Verification of HB claims
- Processing of Housing Benefit Matching Service (HBMS) referrals
- National Fraud Initiative (NFI) data matching
- Police requests for information / liaison
- Support to DWP in respect of Housing Benefit fraud cases

Agenda Item 10

Members were informed during the presentation that it was planned that a project be undertaken to investigate the Council Tax discounts received by residents.

MARCH 11TH 2021

DRAFT

RISK CHAMPION - COUNCILLOR VAN DER PLANK

Councillor Van Der Plank volunteered to be Risk Champion on behalf of the Committee during the municipal year 2019-20. However, due to the Covid-19 pandemic had continued for 2020-21. As part of her role, she undertook to provide the Committee with a verbal update at each meeting.

In detailed updates, Councillor Van Der Plank had provided reports on the following:

- Bromsgrove District Council's response to the Covid-19 pandemic
- Interview with the Head of Community Services - Training, ways of working, Recruitment and Role in the Community
- Training and well-Being
- Outcome of Motions & Written Questions

The following provides a more detailed account of the areas that Councillor Van der Plank had reported on.

BROMSGROVE DISTRICT COUNCIL'S RESPONSE TO THE COVID-19 PANDEMIC – JULY 2020

The key areas in respect of this Risk Champion update focused predominantly on the following:

1. How prepared were the Council for this emergency?
2. How did the Council respond?
3. How did the Council operate?

Members were informed that there had been some very positive areas in the Council's response, including daily emergency response meetings, identification of service areas which required increased staffing levels and redeployment of staff into priority areas. Following this discussion, a request was made for officers to provide an update on the Council's response to the pandemic from Civil Contingencies and Resilience Manager at a future meeting. This request was actioned and presented to the Committee on 24th November 2020.

INTERVIEW WITH THE HEAD OF COMMUNITY SERVICES - TRAINING, WAYS OF WORKING, RECRUITMENT AND ROLE IN THE COMMUNITY – SEPTEMBER 2020

During the presentation for the Risk Champion update in September 2020 it was highlighted that the Head of Community Services had been interviewed and four areas had been investigated in detail, these were:.

Training

- The Head of Community Services was the safeguarding lead for the Council.
- The approach taken to Safeguarding was that it was everyone's responsibility so basic safeguarding training had been rolled out to everyone.
- safeguarding training was provided online for office-based staff and for non-office-based staff training was face to face.
- All new starters (including volunteers) had to do safeguarding training as part of their induction program.

Policies and Ways of Working

- The Safeguarding Policy was reviewed and updated annually and that a review was currently being carried out and would be signed off by the relevant Portfolio Holder.
- A Safeguarding Champion had been introduced since the start of lockdown and was the designated point of contact for each service area.
- Safeguarding referrals were logged and outcomes noted, and clear processes appeared to be in place for handling serious incidents.

Recruitment

- The importance of Safer Recruitment policies were being followed for all recruitment. This included DBS checks and following up on references. As part of this interview, it was noted that training on Safer Recruitment had not been undertaken in some time which needed to be addressed.

Role in the Community

- The Council had good clear links and worked well with Worcestershire County Council on safeguarding in both corporate settings and on a day-to-day basis.
- The constraints on officer time were a challenge and the implementation of the Safeguarding champion role would help to alleviate this.
- Leadership was important and was felt that it was helpful having the Chief Executive as the District Council's representative on the Safeguarding Board.

After the detailed report Members understood more fully the positives and challenges in this area and proposed a number of recommendations be proposed for the Member Development Steering Group all of which were agreed by the Committee.

The recommendations were as follows:

- 1. the Member Development Steering Group consider making Basic Safeguarding training for Members be mandatory and carried out at least once in 4-year term;**
- 2. the Member Development Steering Group consider providing training for both Safeguarding and other types of training in different formats, such as online; and**

- 3. the Cabinet and relevant Portfolio Holder considers bringing the updated Safeguarding Policy to full Council due to the length of time since it was last reviewed and as a reminder to Members of its importance.**

These recommendations will be considered at the meeting of the Member Steering Group due to be held in March 2021.

TRAINING AND WELL-BEING – INTERVIEW WITH THE HEAD OF BUSINESS TRANSFORMATION, ORGANISATIONAL DEVELOPMENT AND DIGITAL STRATEGY – NOVEMBER 2020

The Risk Champion update for November 2020 was in respect of training for staff and Members and what processes were in place in order for these to be carried out. In reporting to the Committee, it was discussed that staff were subject to an annual Performance & Development Review (PDR). As part of the PDRs, it was clarified that a variety of training methods and opportunities were discussed.

In respect of Member training, the Committee were advised that historically face-to-face methods had been used to deliver training but time constraints on Members did not always allow this to happen. It was suggested by Councillor Van Der Plank that if more mandatory training was available online it might be easier for Members to participate.

Suggested areas of further training for Members were as follows:

- IT Training
- Equalities Act 2010 Training

In respect of staff well-being, Councillor Van der Plank highlighted that there was a focus on staff well-being during such a challenging time. It was acknowledged that there was extensive support available to staff including an employee support service, occupational health referrals, mental health first aiders and mental health IT training. Members were advised that a well-being Staff Survey was due to be carried out in November 2020 and the results of the surveys would be available in 2021.

OUTCOME OF MOTIONS & WRITTEN QUESTIONS - 21ST JANUARY 2021

The Committee's Risk Champion first report in 2021 was regarding the Outcome of Motions & Written Questions that had been brought to Full Council meetings during the previous 12 months.

The main area for discussion was in respect of potential confusion regarding the responsibility of following-up on Motions and Questions. Members were informed that it was the responsibility of the Member who brought the Motion or Question to follow up on the outcome and any associated actions. It was requested that this information should be cascaded to all Members through their Group meetings.

As the next meeting was the last as Risk Champion for the Committee, Councillor K. Van Der Plank outlined her plan to provide a summary of her role as Risk Champion over the previous two years in readiness for the next Risk Champion.

MARCH 11TH 2021

Legal, Equalities and Democratic Services

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AUDIT, STANDARDS & GOVERNANCE COMMITTEE

WORK PROGRAMME 2020/21

11 March 2021

- Standards Regime - Monitoring Officers' Report
- Model Code of Conduct
- Statement of Accounts 2019/2020
- Audit Findings 2019/2020 - Grant Thornton
- Grant Thornton – Housing Benefit / Subsidy certification work 2019/20 - Summary Report
- Internal Audit – Progress Report
- Audit, Standards and Governance Committee Draft Annual Report
- Risk Champion - Verbal Update Report (Councillor K. Van Der Plank)
- Audit, Standards and Governance Committee Work Programme

July 2021

- Election of Chairman
- Election of Vice Chairman
- Standards Regime - Monitoring Officer's Report
- Grant Thornton – Annual Audit Letter
- External Audit – Progress Report and Sector Update
- Internal Audit – Annual Report
- Internal Audit – Audit Plan 2020/2021
- External Assessment Progress Report
- Dispensations Report
- Treasury Report Update
- Financial Savings Monitoring Report
- Risk Register Update
- RIPA Report
- Annual Appointment of Risk Management Champion for the Committee
- Audit, Standards and Governance Committee Work Programme

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